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PPOs and buying groups help indy's battle chains—p.59

DRUG STORE NEWS®

Vol. 8/No. 22 **Serving chains, wholesalers and high-volume independents for 57 years.** Published by Lebhar-Friedman Inc. October 13, 1986

Dave Eisenberg (center) accepts REX large chain award from *DrSN* editor Bruce Buckley (left), as publisher Jay Forbes looks on.

Phil Weinstein (left), president of Affiliated Drug Stores, presents REX small chain award to Jim Harrison Jr., president of Harco Drug.

And the REX winners are . . .

NEW YORK — More than 500 industry executives turned out for *Drug Store News'* second annual REX Retail Excellence Awards dinner at the Sheraton Center Hotel late last month.

Peoples Drug Stores and Harco Drug won REX Awards as the large and small chains of the year, while Bergen Brunswig was selected as the REX wholesaler of the year.

Other major award winners were Dave Eisenberg, Peoples' executive vp and coo, who was named REX merchandise executive of the year; Procter & Gamble's Crest Tartar Control Formula, REX innovative product of the year; and Hasbro Toys as REX advertiser of the year.

The REX retail and wholesale award winners were chosen in a nationwide poll of manufacturers, while the REX product winners were selected by chain buyers and merchandisers. The special Innovative Product of the Year award winner was the choice of Product Initiatives, the Toronto- and New York-based company that tracks the launch of new products around the country and rates them on the basis of innovation. McGraw-Hill Research chose the REX ad-

See **REX,** *page 88*

Charles Trefrey (left), president of NWDA, congratulates Bergen Brunswig Drug Co. president Phillip Engle (center) as Forbes looks on. Bergen was named REX wholesaler of the year.

Publisher Jay Forbes presents REX merchandiser of the year award to Dave Eisenberg, executive vp and coo of Peoples.

Pay 'n Save hits financial potholes

Takes a loss as strategy changes

By Lou Karney

SEATTLE — While Pay 'n Save is implanting the Zimmerman merchandising strategy into its retrofitted drug stores and fine-tuning the prototype, the fiscal time clock continues to run at a loss.

For the nine months ended Aug. 2, 140-store Pay 'n Save Inc. had a net loss of $23.6 million on sales of $384.3 million. Pay 'n Save returned to the publicly traded ranks less than two years after being acquired by the Trump Group in an LBO.

In the latest quarter, the retailer had a net loss of $12.8 million on sales of $128.8 million.

Al Culver, who wears two hats (as vice-chairman and ceo of Pay 'n Save Drug Stores and president and ceo of Pay 'n Save Inc., which consists of Pay 'n Save Drug stores and Bi-Mart discount drug), told *Drug Store News* there are four reasons why Pay 'n Save is in the loss column:

Four problems

- The high cost of centralizing and expanding distribution facilities as well as improving MIS systems. Pay 'n Save spent $4.4 million during the six months ended May 3, 1986, to refixturize its 350,000-sq.-ft. Auburn distribution center. For the balance of the fis-

See **Pay 'n Save,** *page 88*

Seeks to bolster Southeast presence

Alco woos ole Miss. Co.

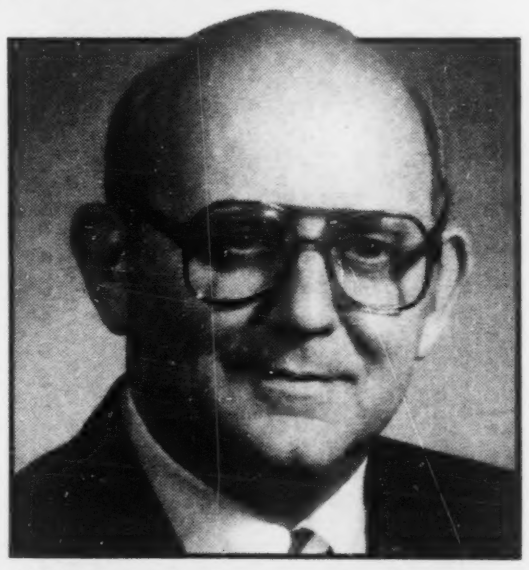
By Al Heller

VALLEY FORGE, Pa. — Alco Health Services, the nation's fourth largest drug wholesaler, will strengthen its Southeastern presence if Mississippi Drug accepts its friendly acquisition offer for nearly $7 million cash.

Alco wants 100% ownership and already holds options for 38% of shares outstanding at the same $70 per share.

The takeover would add the state of Mississippi to the 24-state roster Alco currently serves and would fortify its presence in parts of Alabama, Louisiana and the Florida Panhandle. Alco already cov-

See **Alco,** *page 88*



'We aren't committed to any one geography—only to the wholesale drug business.'

—Joe Churchman,
president, Alco Health Services

K mart plans 250 additional Pay Less stores by 1990

TROY, Mich. — K mart's five-year plan calls for the addition of 250 Pay Less Drug stores by 1990. Currently, Pay Less operates 192 stores and will be operating 220 by the end of 1986.

In making the announcement, K mart did not break down the new stores as to type of format. Although the superdrug store (23,000 and 31,000 sq. ft.) is the bellwether of the Pay Less operation—and will undoubtedly remain so—Pay Less also operates seven downsized Key Drugs, two Value Giants and two Wonder World discount stores.

See **Pay Less,** *page 88*

LATE NEWS....LATE NEWS....LATE NEWS....LATE NEWS

CINCINNATI — Kroger Co. said it has decided to sell its SupeRx and Hooks drug stores, possibly to a group including current management of both chains in a leveraged buyout. It said it is developing plans to sell the chains "through a series of private transactions." One route being considered is formation of a private company that would include the majority of the drug store assets.

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Rx Place plants unit in R.I. chain territory

WARWICK, R.I. — Rx Place, the year-and-a-half-old deep discount venture of F. W. Woolworth, opened its first store here and its third overall this month.

The store is 28,000 sq. ft., including 18,500 sq. ft. selling space, much like the first two in Stratford, N.J., and Levittown, Pa.

Rx Place is the first deep discounter to open here to compete against Rite Aid, CVS, Adams/Brooks, Douglas and K mart—squarely within the stated location strategy of Rx Place president Ken Colson. He told *Drug Store News* earlier that "to be first in a market will be an advantage. There'll eventually be very few places without head-to-head competition in this format."

He may be in for company soon, however. Pharm-Escomptes Jean Coutu is targeting New England for debut of its first five deep discount drug stores in early 1987, tentatively called J. C. Super Drug. Trade sources feel Warwick may be a target market.

First in a year

The new store is the first Rx Place to open in about a year, which is a marked slowing of earlier announced expansion plans to add five stores in 1986 and five in 1987. Colson said the plan was "scaled back for 1986, but will be about on target for 1987. We're working on other locations."

He said Woolworth management is "very satisfied with progress." Colson declined to talk about how Woolworth's capital spending program for specialty store diversification will affect Rx Place.

Woolworth has embarked on an extensive variety store remodeling program and specialty store campaign. It has taken such key categories as cosmetics, costume jewelry, handbags and accessories, picture frames and stationery, and created specialty shops around them. Woolworth appears to have a full plate of specialty shops competing for corporate attention.

On the plus side, Rx Place added a third buyer to its staff this year, which has helped Colson's merchants seek out deals more effectively, he said.

The Rx Place
The Rx Place
FOR INCREDIBLE SAVINGS

Rx Place eyes about five more stores in 1987, but anticipates head-to-head deep discount competition in some of the northeastern markets it is considering.

The Warwick store is in a newly developed strip center anchored by a Rickel home center and Kids "R" Us children's specialty apparel shop, near the Rhode Island Mall.

Headquarters can supervise

Colson said the store is close enough to headquarters to be supervised properly, and countered trade speculation that Rx Place would initially be limited to the New York-to-Philadelphia belt.

Health & beauty aids and cosmetics account for about 52% of selling space in the store, which has eight IBM scanning checklanes. Colson expects the store to turn 13,000 sku's six times and yield 18% gross margins.

He said the first two stores were close to projections of $350 sales per square foot of selling space, or about $6 million per unit, in their first full year of operation.

NEWS IN BRIEF

VP-marketing Roth leaves Revco

Neil S. Roth

TWINSBURG, Ohio — Neil S. Roth, Revco's vp-marketing, has left after a 14-month tenure.

"All I know is he left for personal reasons to pursue other interests," said Marc Dworkin, executive vp.

Roth was involved in store remerchandising programs that emerged in the past year, as Revco management pursued a leveraged buyout of the business. He reported to president William Edwards.

Roth was president of Carl's Drug when Revco bought the chain in July 1985. In November, Roth was assigned purchasing and marketing responsibilities for Revco stores, and Dworkin was named president of Carl's.

Roth had joined Carl's as president in February 1984, after a year's employment at Revco as an assistant vp-purchasing. Dworkin said no replacement has been named.

S.E.C. eyes Safeway proxy statement

NEW YORK — The Securities and Exchange Commission was set to clear a proxy statement on the buyout of Safeway Stores, after Kohlberg Kravis and Roberts gained 73% of Safeway's common stock in a $69 cash per share tender offer.

In the second half of KK&R's buyout, the proxy materials will be sent to the remaining shareholders, who will vote on a merger of Safeway and SSI Holdings, the company formed by KK&R to own Safeway.

SSI purchased 45 million shares, after 59,842,000 were validly tendered by an Aug. 28 deadline. Remaining shareholders, in an agreement reached with the Safeway Board of Directors in July, will receive subordinated discount debentures of SSI valued at $61.60 a share and one warrant to buy SSI common stock in the new company.

Parties expect the New York investment company, which outbid the Dart Group to buy the supermarket chain, to complete its buyout in November.

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Vol. 8, No. 22 October 13, 1986

Amfac names exec to handle food and distribution groups

SAN FRANCISCO — Amfac Inc., the $2.4 billion wholesaler, has placed its Food and Distribution groups—including its drug operations—under a single executive, as part of a continuing broad reorganization.

Ronald H. Dykehouse, 44, already head of the food group, will also head Distribution, which includes the Amfac Health Care drug wholesale and supply and electrical divisions.

The move follows this summer's reorganization of supply and electrical, sparked by Distribution's income loss in the six months ended June 30.

Dykehouse replaces John E. Gomena as head of the Distribution group. Gomena will be assigned other duties. Del Whitmore continues as president of Amfac Health Care.

Reasons for losses

A spokesman said that earnings drops in supply and electrical accounted for most of the losses of $13 million in the second quarter and $17.26 million in the six months.

But Health Care also posted a second-quarter loss, largely because of costs related to a recent $12 million warehouse computerization. Losses also mounted because gross margins shrank as the division began to shift emphasis toward hospital contracts.

Group revenues were boosted, however, by Health Care's pursuit of new hospital business; the division signed pacts totaling $193 million since last November. They include a recent two-year, $12 million contract with the Sacramento-based Sutter Health Care Systems hospital chain.

But sliding revenues in the electric and supply divisions contributed to a 2% decline in revenues for the quarter to $333 million.

Amfac president Ronald Sloan said he expects Health Care to bounce into the black by the end of the year as the shift into the hospital business begins to pay off.

Warehouse computerization

Amfac Health Care has completed a major installation of a warehouse computer system that employs electronic ordering. Hewlett Packard HP3000 computers were installed by May in locations

See **Amfac**, *page 88*

Walgreens alters purchasing team

DEERFIELD, Ill. — Walgreens has made several key management changes in purchasing under senior vp-marketing Vern Brunner.

George C. Eilers was promoted to the newly created slot of vp-purchasing, reporting to Brunner, from his former post as a regional vp. He will be responsible for the drug and fashion divisions, the company announced.

The need to create this position arose because of Walgreens' "rapid expansion," an official company statement said.

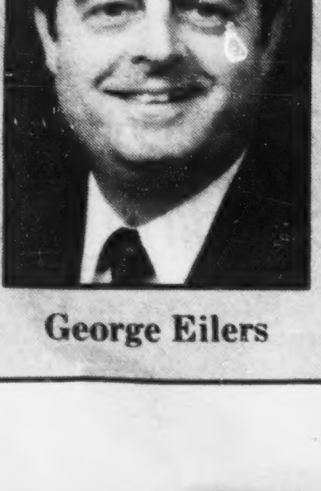
Eilers joined Walgreens 27 years ago and rose through the field ranks until being named a regional vp in 1983.

In related moves, Harry A. Friedman was named dmm-housewares, and Mark R. Paul was named toys and sporting goods buyer.

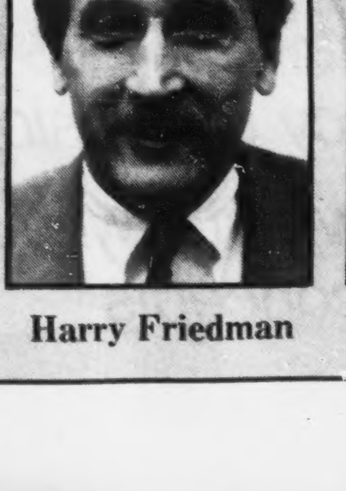
Friedman served most recently as director of corporate purchasing and acquisitions. He also reports to Brunner and replaces Bernie G. Maram, who has assumed responsibility for camera and film purchasing.

Mark R. Paul reports to dmm Richard A. James and replaces Steven L. Lubin, who was named senior cosmetics buyer this summer when Milt Shaw announced his retirement.

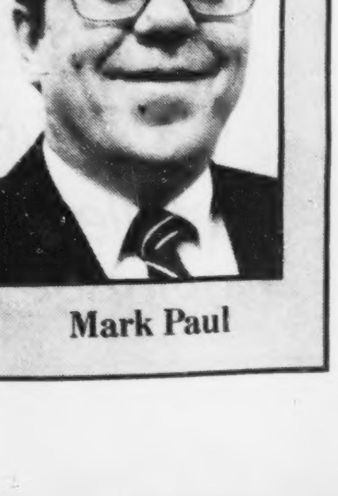
Paul had been with Ribordy Drugs since 1963 and came to Walgreens during last year's acquisition of the 26-store chain.



George Eilers



Harry Friedman



Mark Paul

Dart Group net drops sharply

LANDOVER, Md. — Dart Group Corp., the firm that sends shivers through management ranks of companies it bids for, hasn't shone in its own earnings corner lately.

Chairman Herbert Haft announced sharply lower net earnings for the second quarter and six months ended July 31. Dart said the lagging results were due primarily to lower earnings at Trak Auto and Crown Books, higher net interest expense and lower unusual items.

Since Dart's Trak Auto bought 50% of Trak West's common stock from Thrifty in June, it became sole owner of Trak West. Trak West's sales and net income are reflected in Dart's figures based on Dart's average ownership during the current year compared to the equity method last year, Dart said.

The Crown Books unit also bought and retired the 2.75 million common shares held by Thrifty, raising Dart's ownership share of Crown to 52.4% from 34.4%. Crown's sales and net income are also reflected in Dart's figures based on Dart's average ownership during the current year, compared with the equity method last year, Dart said.

Net income for the second quarter was $99,000, compared with $6.5 million in the same period a year ago.

Second-quarter revenues rose, however, to $88.2 million, up from $28.6 million.

Earnings also nosedived in the six months to $576,000, down from $8.3 million in the same half a year earlier.

Meanwhile, revenues more than tripled to $168.9 million, up from $53.9 million in the year-ago half.

Rite Aid posts higher profits, sales in 2nd qtr.

SHIREMANSTOWN, Pa. — Rite Aid reported higher net earnings and sales in the second quarter and six months ended Aug. 30.

Sales in the second quarter rose to $422 million, up from $379.1 million in the same period a year earlier.

Earnings in the second quarter climbed to $15 million, compared with $14.1 million a year ago.

Gains were similar in the six month report. Sales climbed to $840.8 million compared with $746.2 million in the year-earlier half.

Net earnings in the first half rose to $31.4 million, up from $28.8 million net from continuing operations a year earlier.

Bergen expects earnings drop in 4th qtr., year

ORANGE, Calif. — Bergen Brunswig said it expects net earnings to be lower and revenues higher for the fourth quarter and year ended Aug. 31.

Chairman and ceo Emil P. Martini Jr. attributed lower earnings to expansion costs during the past 18 months, increased interest costs due to higher borrowing in order to make acquisitions, and an aggregate $6 million in additional LIFO inventory reserve charges, receivable allowances and valuation provisions for inventory, property and equipment.

He also cited lower margins that stemmed from Bergen's decision "not to purchase in the secondary-source market."

Anticipated fourth-quarter net is $5.7 million, compared with $5.9 million in the same period a year ago. The more current figure, however, includes an after-tax gain of about $9 million from the initial public offering of the Commtron Corp. unit.

Revenue in the final quarter was expected to rise to $800 million, up from $680 million in the year-earlier period.

Net earnings for the full year, the company said, should reach about $20.5 million, compared with $23.3 million attained last year.

Revenue for the complete fiscal year should climb to $3.1 billion, up from last year's $2.4 billion.

Perry eyes $50 M to restructure debt

PONTIAC, Mich. — Perry Drug Stores said it is negotiating to place $50 million in 15-year senior notes with a group of institutional investors.

Some of the proceeds of the private placement will be used to pay off short-term lines of credit, as well as revolving debt to various banks.

In a related announcement, Perry said its August sales were up 22% to $58.6 million, from $47.9 million a year ago.

Sales for the first 10 months of the fiscal year are up 26% to $533.8 million, from $424.6 million in the same year-ago period.

Ketchum had net loss on higher sales in qtr.

NORWALK, Conn. — Ketchum & Co., the regional wholesaler, reported a net loss in the quarter ended July 31 compared with earnings in the same period a year ago.

The $366,000 loss in the most recent quarter compared with operating earnings of $99,000 and net earnings of $201,000 in the same quarter a year ago. Last year's net was benefited by tax loss carry-forwards.

Meanwhile, sales rose to $79.7 million in the latest quarter, up from $73.5 million in the same year-ago period.

LATE NEWS....LATE NEWS....LATE N

Revco D.S. Inc. said net income declined in the 12-week first quarter ended Aug. 23 to $6.4 million from $9.3 million in the same period last year. Sales for the quarter increased to $627.9 million from $585.5 million. The drug chain said earnings declined because of a "softening in non-pharmacy drug store sales, higher interest charges and reduced contributions from nonretail operations."

		STOCK PRICE							EARNINGS/SHARE			P/E	DIVIDENDS	
		From 09/12/86 - 09/24/86								Latest 12 Months vs Preceding 12 Months Change			Indicated Dvd. Rate	
					Change		52-Week							
Name	Symbol	High	Low	Close	Amt.	Pct.	High	Low	Last Fiscal Year	Amt.	Pct.	Latest P/E Ratio	Amt.	Yield
-	-	$	$	$	$	%	$	$	$	$	%	-	$	%
Chain Store transactions														
Am Stores	ASC	56.00	52.50	53.13	.63	1.19	71.25	52.00	4.11	-1.65 s	-29.2	13.3	.84	1.6
Arbor Drugs	ARBR	17.50	15.25	17.50	2.00	12.90	24.25	15.25	.72	.93 n	NC	18.8	.00	.0
Begley Co	BGLY	21.25	21.00	21.00	.00	.00	23.50	16.00	1.27	-.27 q	-20.5	20.0	.72	3.4
Big B	BIGB	16.25	15.13	15.88	-.13	-.78	18.75	12.63	.61	-.03 s	-4.2	23.3	.00	.0
Drug Sys	DRGS	6.00	5.75	6.00	.38	6.67	8.25	3.75	-.36	-.78 q	-100.0	NE	.45	7.5
Fay's Drug	FAY	9.50	9.13	9.25	-.25	-2.63	11.75	8.00	.20	-.32 s	-72.7	77.1	.20	2.2
Genovese Drug	GDX	14.25	13.25	14.00	.88	6.67	16.63	10.00	.73	-.66 s	-60.0	31.8	.20	1.4
Longs Drg Strs	LDG	35.00	32.00	34.00	.75	2.26	38.75	24.75	1.74	-.20 s	-10.4	19.7	.76	2.2
Medicare Glaser	MGCO	4.75	4.25	4.75	.00	.00	5.00	3.50	-.20	-.11 q	NE	NE	.00	.0
Medicine Shoppe	MSII	29.50	26.75	29.50	.50	1.72	32.00	21.25	.84	.15 n	18.8	31.1	.00	.0
Perry Drug	PDS	14.63	12.88	14.25	.38	2.70	20.88	12.75	.98	-.10 n	-11.0	17.6	.22	1.5
Revco Drug	RDS	36.38	35.50	36.25	.25	.69	39.88	24.50	1.72	.66 f	62.3	21.1	.80	2.2
Rite Aid Corp	RAD	30.63	29.00	29.75	-.25	-.83	35.50	21.50	1.52	.09 q	5.6	17.6	.58	1.9
Walgreen Co	WAG	32.00	29.75	31.38	.75	2.45	39.50	22.50	1.53	.14 n	9.2	18.8	.50	1.6
Wholesaler's transactions														
Alco Hlth	AAHS	19.75	19.00	19.25	.25	1.32	25.38	12.75	1.10	.19 n	18.3	15.7	.00	.0
Bergen Bruns	BBCA	22.13	18.13	18.25	-3.88	-17.51	37.25	18.13	1.82	-.26 n	-14.4	11.8	.32	1.8
Bindley Wstn	BIND	10.75	10.38	10.75	.25	2.38	12.50	7.75	.79	.09 s	11.5	12.4	.00	.0
Cardinal Distrb	CDIC	19.25	18.50	18.50	-.25	-1.33	25.25	14.22	1.36	.40 q	40.8	13.4	.08	.4
Durr Fillauer	DUFM	12.13	11.13	12.13	1.00	8.99	16.75	9.25	.78	-.02 s	-2.5	15.3	.16	1.3
Ketchum	KCH	25.50	24.00	25.38	.13	.50	25.50	15.25	.17	-.82 q	-100.0	NE	.00	.0
McKesson Cp	MCK	63.25	57.00	63.25	5.25	9.05	67.00	45.13	3.96	.37 q	10.1	15.7	2.56	4.0
Moore Med	MMD	24.13	22.50	23.50	-.38	-1.57	27.25	17.00	1.45	.23 s	18.3	15.8	.00	.0
Owens & Mincr	OBOD	14.50	14.13	14.50	.38	2.65	20.25	13.38	1.14	-.03 s	-2.8	13.8	.30	2.1
Manufacturer's transactions														
Abbott Labs	ABT	45.38	41.50	44.13	1.88	4.44	55.00	26.44	1.94	.32 s	17.8	20.8	.84	1.9
Am Home Prod	AHP	78.75	74.50	76.88	.13	.16	94.88	54.75	4.70	.40 s	8.8	15.6	3.10	4.0
Baxter Travenol	BAX	16.38	15.50	16.13	.00	.00	21.25	12.38	.85	.43 s	238.9	26.4	.40	2.5
Block Drugs Co	BLOCA	25.25	23.50	25.25	.50	2.02	27.50	18.94	1.84	.15 q	8.6	13.4	.50	2.0
Bolar Pharm	BLR	23.38	19.50	21.75	-1.25	-5.43	32.88	12.50	.71	.13 s	18.6	26.2	.05	.2
Bristol-Myers	BMY	74.75	69.63	74.13	1.38	1.89	88.50	53.63	3.86	.24 s	6.6	19.1	2.20	3.0
Carter-Wallace	CAR	68.25	61.25	68.13	4.38	6.86	86.13	33.88	3.63	1.03 q	35.9	17.5	.80	1.2
Forest Labs	FRX	18.38	16.38	18.38	1.75	10.53	22.00	11.56	.49	.15 q	37.5	33.4	.00	.0
ICN Pharm	ICN	21.38	16.63	19.13	-.88	-4.38	34.00	9.75	-2.10	-2.20 s	-100.0	NE	.00	.0
Lilly Eli Co	LLY	70.25	64.38	69.00	4.38	6.77	83.50	19.63	3.69	.39 s	11.1	17.6	1.80	2.6
Lee Pharm	LPH	30.25	23.38	28.63	4.38	18.04	38.63	5.88	.40	1.62 n	450.0	14.5	.00	.0
Leiner P Nutri	PLIN	16.75	15.00	16.75	1.00	6.35	21.00	8.50	.81	.26 q	40.6	18.6	.00	.0
Marion Labs	MKC	39.25	33.50	38.75	2.75	7.64	50.00	15.88	.70	.23 f	48.9	55.4	.20	.5
Merck & Co	MRK	102.75	97.00	102.63	4.25	4.32	116.75	53.00	3.79	.76 s	21.7	24.1	2.20	2.1
Morton Thiokol	MTI	35.50	33.25	34.75	.13	.36	40.50	30.00	2.80	.30 f	12.0	12.4	.70	2.0
Mylan Labs	MYL	13.00	10.25	12.25	.25	2.08	18.09	9.00	.57	.24 q	63.2	19.8	.07	.6
Newport Pharm	NWPH	7.00	6.38	6.50	.13	1.96	14.50	4.88	-.10	-.03 q	NE	NE	.80	12.3
Par Pharm	PARP	14.50	13.25	14.00	-.50	-3.45	20.25	13.25	.47	.13 n	27.7	23.3	.00	.0
Pfizer Inc	PFE	61.13	56.50	60.38	1.63	2.77	72.88	43.75	3.44	.39 s	11.9	16.5	1.64	2.7
Robins, AH	QRAH	10.13	9.38	9.75	-.25	-2.50	15.63	7.13	2.53	20.85 s	NE	3.6	.00	.0
Rorer Group	ROR	45.38	40.50	42.50	1.63	3.98	47.50	32.50	1.72	5.00 s	240.4	6.0	1.12	2.6
Scherer RP Co	SCHC	18.00	16.63	17.00	.38	2.26	20.25	11.50	-1.23	-.66 q	NE	NE	.32	1.9
Scher Plough	SGP	77.25	69.50	75.50	3.50	4.86	88.00	47.50	3.77	.44 s	12.3	18.8	1.80	2.4
Squibb Corp	SQB	106.25	98.50	105.00	5.63	5.66	124.13	67.00	4.20	.86 s	22.3	22.2	2.00	1.9
Sterling Drug	STY	44.75	41.50	43.75	.50	1.16	52.00	31.38	1.83	-.48 s	-19.6	22.2	1.32	3.0
Syntex Corp	SYN	63.00	58.88	62.00	3.38	5.76	74.75	31.25	3.07	-1.58 f	-34.0	20.2	1.60	2.6
Thompson Med	TM	13.75	12.75	13.25	.38	2.91	21.00	11.75	1.18	-.44 s	-29.1	12.4	.40	3.0
Upjohn Co	UPJ	88.50	83.00	88.00	3.88	4.61	103.75	54.00	3.29	.93 s	34.4	24.2	1.52	1.7
Warner-Lambrt	WLA	57.13	53.13	56.13	2.88	5.40	63.13	33.75	-4.05	-6.15 s	-100.0	NE	1.56	2.8
Zenith Labs	ZEN	9.88	8.38	9.50	-.13	-1.30	18.31	8.00	.73	.42 s	135.5	13.0	.05	.5

All data are based on sources believed to be reliable, but its accuracy is not guaranteed.
Every effort will be made to correct errors, when discovered, in future issues.

FOOTNOTES

NA	Item not applicable to this type of stock.	q	First quarter
NC	Data required for calculation currently incomplete in our files.	s	First six months
NE	Negative earnings invalidate calculations.	n	First nine months
NM	No meaningful figure.	f	Fiscal year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

MERCHANDISING TRENDS

Stylers and color lead contenders for growth in hair care

The hair care category will grow an estimated 6% in dollar sales to about $3.5 billion in 1986, according to A. C. Nielsen and manufacturer estimates.

Most of the growth is coming from three major subsegments:

- Hair stylers and fixatives, especially gels, glazes and directional and nondirectional hair sprays.
- Ethnic hair care products, particularly gels, moisturizers and other conditioning and styling aids, and hair coloring products like Clairol's Color Play and Soft Sheen's Color Accents.
- Hair coloring, particularly 1) The special effects group of highlighting products like L'Oreal's Brush-On Soft Color Highlights, Clairol's Frost & Tip and Revlon's Frost & Glow; 2) The semipermanent rinses like Clairol's Loving Care and L'Oreal's Avantage; and 3) The new nontraditional special effect coloring agents, sometimes termed the hair color without commitment category, made up right now of just Clairol's Pazazz and Vidal Sassoon's Colorific.

The nontraditional special effects category is new to hair care, introduced to the market in late 1985, and although initial trial sales have been tremendous, there is the possibility that the category may peak soon, just as mousse has peaked.

Several sources are predicting, however, that the dramatic growth the industry has seen in these brands since they were introduced earlier this year may soon start to level off or even decline.

Shampoo/conditioner sales flat

The two biggest segments within the category, shampoos and conditioners, are basically flat, and retailers and most manufacturers predict that these segments, which may have reached their peak in consumption and usage levels, will stay flat or, if they do grow, do so at the same rate the general population grows.

Usage levels for shampoos and conditioners are highest with consumers under 30, and that is causing some manufacturers to speculate that as the Baby Boom population ma-

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Budget items show fastest growth in shampoos

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tures, these two segments may again start showing stronger growth trends.

David Drum, vp-marketing for Lamaur, which makes Perma Soft and Style, pointed out that their research on consumer usage and consumption shows that consumers 30 years old and younger shampoo their hair 5.4 times a week. Those currently 55 and over, however, are shampooing just 1.8 times a week.

Drum thinks that as the younger population ages, they will keep their shampooing habits, so that over the long term, he expects to see an increase in the total volume of shampoo sales.

At Alberto-Culver, however, the estimate for future growth is less optimistic. Jim O'Connor, an Alberto spokesman, said he feels the incidence of use won't change that dramatically over time and pointed out that just about everyone who is a candidate for using shampoos is already using them.

He does think, however, that there may be an opportunity for growth in the conditioning segment.

"The usage figures on shampoos show that more than 95% of the population is already using them," he said. "There are a lot of men, however, who don't use conditioners and who are not aware of the benefits of conditioning, so we may see some strong growth there down the line."

Shampoo consumption

It's also possible that unit and dollar sales growth figures on shampoos don't tell the full story. Drum of Lamaur pointed out that on an ounce-by-ounce measurement, consumption is up about 5%.

The fastest growing segment in shampoos, he said, is the low-priced or budget segment of the category, and shampoos in this category generally sell in 15-oz. or 18-oz. sizes, compared with the average 12-oz. size of sales in the mid- and premium-priced segments.

Drum also thinks shampoo sales in salons, an untracked market, are growing and estimates that if one could get a decent measurement on salon shampoo sales, their growth would be up about 5% in units and maybe 8%-9% in dollars.

"More gals are visiting salons," he pointed out, "and more gals seem to be buying shampoos and conditioners there."

Midpriced brands losing share

In the mass market retail outlets, however, the midpriced segment of the market—those brands selling for between 20¢ and 29¢ an ounce—are down in both unit and dollar sales.

The competitive nature of the shampoo category, sources say, is causing shares to shift to the low end—those brands selling for between 11¢ and 19¢ an ounce. More recently, sales have begun increasing in the premium-end segment—brands selling for 30¢ an ounce and more.

Drum estimated that in terms of unit share, the low-priced segment has gone from about 50% of sales in 1985 to about 60% in 1986.

Both buyers and manufacturers say they see budget- and low-priced brands doing particularly well with the 30 and older market, while the younger shopper seems more inclined to buy premium brands.

As one source put it, "Younger shoppers are more interested in trying the premium brands that promise to deliver a better performance, but apparently as one grows older, one comes to the conclusion that all shampoos are basically alike, and then people seem to choose the brands that they feel give them the best value for their dollars."

The emphasis on low-priced brands in the last few years, however, has taken most of the profitability out of the catego-

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Manufacturers and retailers both say the consumer who wants to be "with it" in 1986 and 1987 will be using more products to shape, style and condition her hair.

1986 Hair care launches make headway in market

Company	Category	Brand	Quarterly launch date	Comments
Helene Curtis	*Shampoos/conditioners/ styling aids*	*Finesse NutriCare*	*1st '86*	Gel base, especially good for dry, processed or overconditioned, overstyled hair.
Procter & Gamble	*Shampoos/conditioners*	*Ivory*	*3rd '86*	Reformulating and repackaging two-year-old Ivory shampoo with "silicone"; launching industry's first "unscented" formulas.
Gillette	*Hair styling aids*	*Mink Difference*	*3rd '86*	Includes a mousse, gel and the industry's first liquid stylizer.
	Men's grooming/ styling aids	*Dry Look*	*3rd '86*	A mousse and gel extension to the Dry Look hair spray line. $5.7 million ad/promotion budget.
International Playtex	*Shampoos/conditioners/ styling*	*Jhirmack Lite*	*1st '86*	Positioned as a "light" formula for people with active lifestyles who shampoo each day.
Lamaur	*Styling*	*Style*	*3rd '86*	On a cost-per-ounce basis, Lamaur claims it will be the lowest-priced product on the market.
Alberto-Culver	*Shampoo/conditioner*	*Alberto-Culver Natural Silk*	*2nd '86*	Premium-priced and made with real silk for shinier, softer hair. Available in drug and department stores only.
	Styling	*Alberto*	*2nd '86*	A styling spray, fixing gel and a gelee targeted to 14- to 16-year-old users. Ads placed in major teen magazines.
	Ethnic	*TCB Lite*	*3rd '86*	Moisturizers, conditioners, styling aids in nongreasy forms.
Faberge	*Styling*	*Aqua Net Designing Hair*	*3rd '86*	Faberge's first nonaerosol spray. Will have a multimillion marketing program, stressing Aqua Net name.
	Men's Grooming	*Brut Professional Hair Spray*	*3rd '86*	Print ads and tie-ins to Brut's overall mention in new Sylvester Stallone movie *Over the Top*.
	Shampoos/conditioners	*Aqua Net line*	*1st '86*	First shampoo, conditioner and styling aids line with natural silk.
	Shampoos/conditioners	*Jose Eber Beverly Hills Hair*	*4th '86*	Premium-priced line introducing the formulas of Hollywood hairstylist Jose Eber to the mass market.
Conair	*Shampoo/conditioners*	*Jheri Redding Ultra Look*	*4th '84*	Extending the Jheri Redding brand into the specialty shampoo/ conditioner category plus into hand and body lotion category.
	Styling	*Jheri Redding*	*3rd '86*	Introducing first designer directional spritz to the mass market.
	Styling sprays	*Conair*	*3rd '86*	Conair's first nonaerosol sprays, also one of the first to use PABA sunscreen as a key ingredient.
L'Oreal	*Styling aids*	*Studio Line*	*1st '86*	First line of styling aids to be packaged as a regimen of products.
	Hair Color	*Brush On Soft Color Highlighters*	*2nd '86*	The first hair highlighter made specifically for dark hair.
S. C. Johnson	*L'envie*	*Shampoos/ Conditioners*	*1st '86*	Introduced five premium-priced shampoos and conditioners targeted toward women who like popular designer fragrances.
Clairol	*Hair color with styling aid (mousse)*	*Pazazz*	*2nd '86*	Industry's second temporary hairlighter or special-effect coloring aid. Also gives hair volume like a mousse.
Vidal Sassoon *(div. of P & G)*	*Color*	*Colorific*	*1st '86*	First special effects hair coloring to add temporary cosmetic color. Also marketed as a styling aid, both a mousse and gel.
Richardson/Vicks *(div. of P & G)*	*Shampoos/conditioners*	*Pantene*	*2nd '86*	Relaunches Pantene, lowers overall suggested retail prices.
Dep	*Shampoo/conditioner*	*Dep*	*1st '86*	Targeted toward users with permed or colored hair.
Revlon	*Shampoo/conditioners/ styling*	*Sun & Sport*	*2nd '86*	Geared to men and women with active lifestyles.

Source: *Drug Store News* Review of New Product Introductions, 1986.

Jury out on vendors target-marketing shampoos

Continued from page 22

ry, both for retailers and manufacturers. Shampoos today have become a commodity, some sources say, and that means that shoppers have been trained to buy just what's on sale, whatever is offered at the lowest price, as long as it's known to be of reasonable quality.

Now the manufacturers of the premium-priced brands and the retailers who have seen their margins eroding in this category are attempting to change all that.

Push for premium brands

Beginning in mid-1986, retailers say they have been giving more space to premium-priced brands, both in line and on endcaps and floor displays, and some chains are also starting to advertise the upscale brands like L'Envie, Jhirmack and Pantene to attract shoppers who are interested in department store quality.

S. C. Johnson's Bob Ziegenhagen, category manager of hair care products, said that in the past few months, premium brands have been growing in unit sales, partly because of increased manufacturer activity in this segment and partly because retailers have been giving more shelf and feature space to premiums in their stores.

He also pointed out that because premiums usually sell in smaller sizes, consumers tend to use up their purchases faster, so they come back to their stores more often to repurchase.

Ziegenhagen, like Steve Manenti, the president of Faberge, and Kim Rue, Finesse's brand manager at Helene Curtis, said that retailers are supporting premiums more today because they are searching for ways to make the volume shampoo category more profitable.

Premiums deliver

According to a recent S. C. Johnson retail store audit, chains are currently making about a 93¢ profit on every premium brand they sell, compared with just 66¢ for the midpriced brands and 24¢ for the low-priced brands they sell.

"Not only can we make more money with the premium-priced brands and do something to reverse this trend to commoditizing the category," said a Walgreen manager, "we can also attract shoppers who prefer to buy their shampoos in department stores or salons."

Target-marketing shampoos

Back in 1984, manufacturers found another strategy for rescuing the shampoo category from its commodity status, but the jury is still out on whether this strategy is working.

The trend is to develop a shampoo and conditioner that is targeted toward a specialized base of users. The dandruff shampoo manufacturers were the first to exploit this trend with Head and Shoulders, Selsen and such, as was Johnson and Johnson with its J & J Baby Shampoo. But back in 1984, Lamaur came out with Perma Soft, targeted toward women with permed hair, while J & J brought out Affinity, targeted toward women 40 and older.

Helene Curtis brought out Atune, again for women with permed hair as well as for those with colored hair, and P & G brought out Lilt, also targeted toward the permed market. Shulton came out with Ultra Swim, a brand designed for swimmers who have to cope with chlorine or sun-bleached hair.

L'Envie strategy

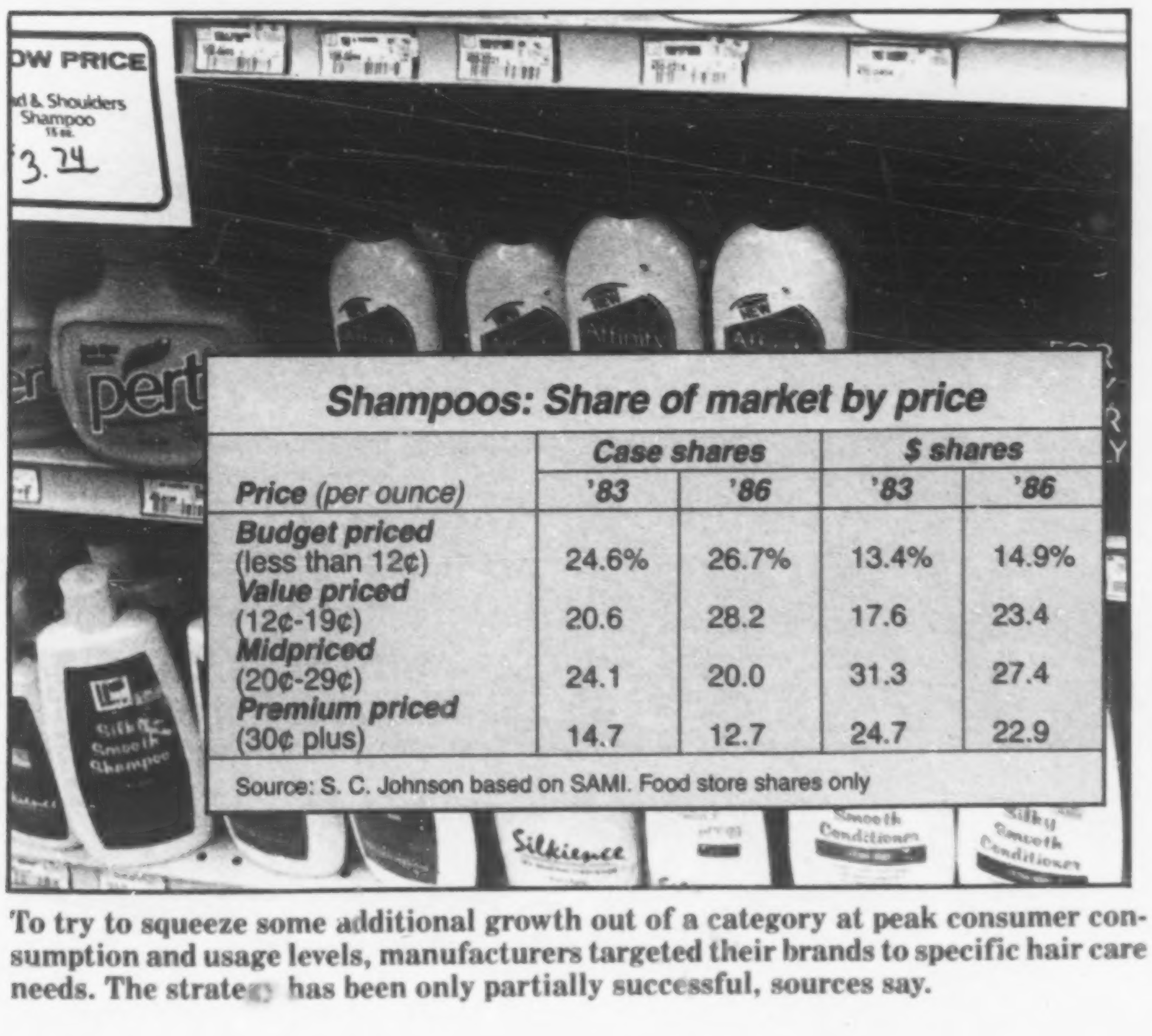
In 1986, S. C. Johnson has taken the segment-targeting strategy one step further by introducing L'Envie, a premium-priced brand designed to appeal to women who favor the fragrances of Opium, Giorgio, White Linen, Vanderbilt and, most recently, Obsession.

Retailers say L'Envie is doing quite well in their stores, especially the Giorgio version. However, the performance of the specialty brands has been mixed, with some like Perma Soft doing relatively well and others like Atune and Lilt not even reaching half a share point.

The result is that manufacturers are not sure how much of a future there will be in specialty market shampoos.

At Helene Curtis, Kim Rue, group brand manager for Finesse, said that segmentation logically works best when the targeted user base is large enough to support the brands in the targeted specialty category.

"If you have a large base of potential users such as people with dry hair or permed hair," said Rue, "then it makes sense to do specialty marketing. But if your base is too small or specialized, then it doesn't make sense.

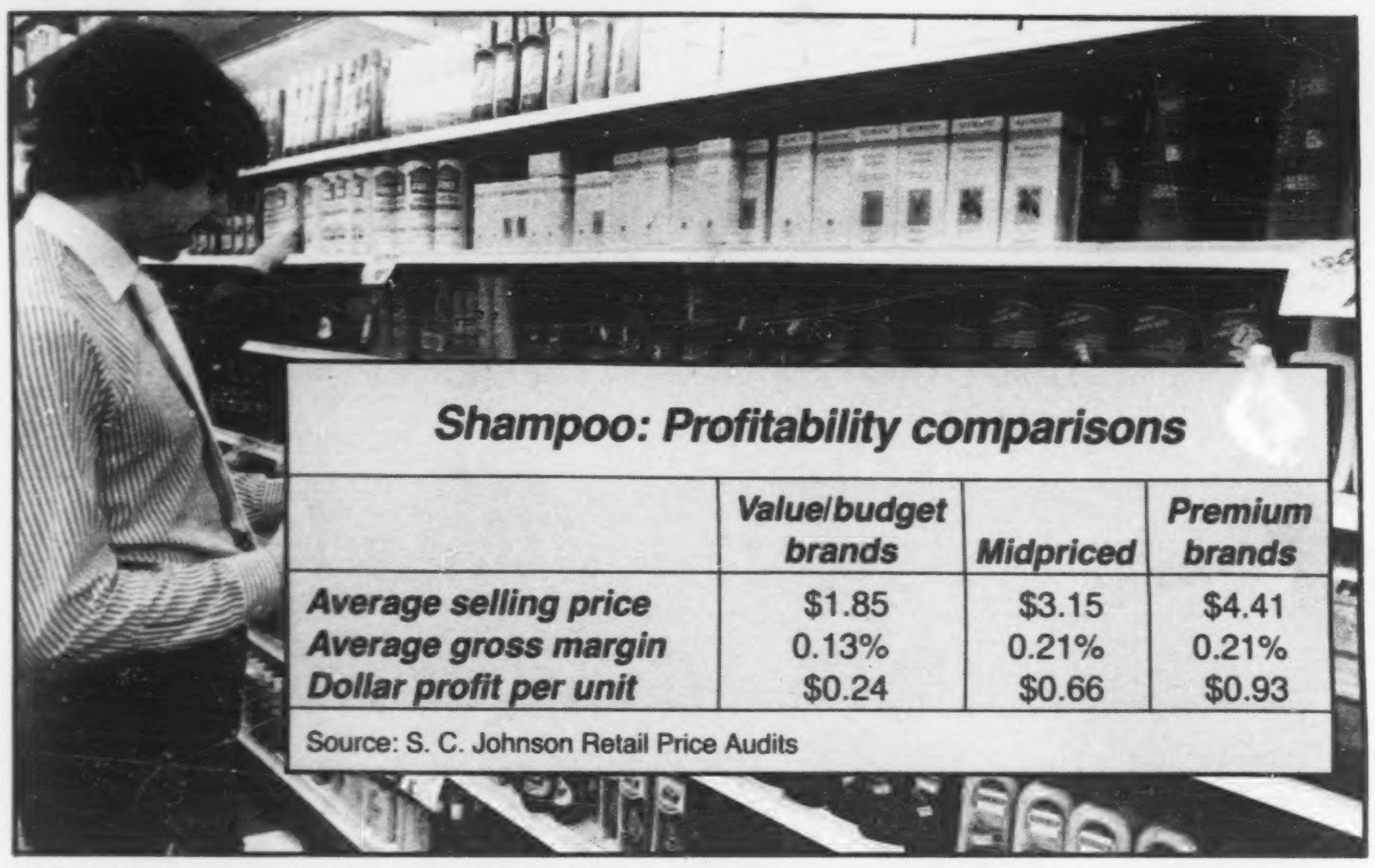


Shampoos: Share of market by price

Price (per ounce)	Case shares '83	Case shares '86	$ shares '83	$ shares '86
Budget priced (less than 12¢)	24.6%	26.7%	13.4%	14.9%
Value priced (12¢-19¢)	20.6	28.2	17.6	23.4
Midpriced (20¢-29¢)	24.1	20.0	31.3	27.4
Premium priced (30¢ plus)	14.7	12.7	24.7	22.9

Source: S. C. Johnson based on SAMI. Food store shares only

To try to squeeze some additional growth out of a category at peak consumer consumption and usage levels, manufacturers targeted their brands to specific hair care needs. The strategy has been only partially successful, sources say.



Shampoo: Profitability comparisons

	Value/budget brands	Midpriced	Premium brands
Average selling price	$1.85	$3.15	$4.41
Average gross margin	0.13%	0.21%	0.21%
Dollar profit per unit	$0.24	$0.66	$0.93

Source: S. C. Johnson Retail Price Audits

The shampoo category will grow about 4% in dollar sales in 1986, but retailers say they expect better growth from the high-end and low-end brands.

Jose Eber Beverly Hills Hair

In 1987, however, sales in the premium-priced specialty segment may get an additional boost when Faberge introduces its new line of Jose Eber Beverly Hills Hair.

The Eber line is aimed at those women who now buy their shampoos in salons or department stores. Faberge president Manenti believes the $3.5 million that Faberge will spend in national print and spot TV to support the launch will create add-on sales for the category in chain drug and select independent drug stores.

Manenti figures the brand and its advertising will help persuade the salon and department store shampoo buyer to switch to the Jose Eber line, as it will be sold in the more accessible chain drug and select high-volume independent stores, as well as in key mass merchandise outlets.

Manenti also pointed out that Jose Eber is a nationally recognized personality, known to millions of women as the "hair stylist of the stars."

Jhirmack launches Lite formulas

At Jhirmack, the latest products are a line of Lite Shampoos, conditioners and mousses introduced in March for the heavy hair care user or the person with an active lifestyle who needs to shampoo and condition more frequently during the week.

Jhirmack is promoting the line with rebate and trial purchase cents-off coupons being distributed in freestanding inserts and at point of sale. More than $4.5 million is being spent on consumer advertising in 1986 to support the launch, and Jhirmack says about $12 million will be spent on the line in 1987.

Conair is also bringing out a new line extension under the Jheri Redding label, targeted toward women with bleached or colored hair.

The line, which is being shipped now under the Jheri Redding Ultra Look label, consists of six items, including four hand and body lotions and a shampoo and conditioner.

Styling aids

Currently, the strongest growth areas in the hair care category are the styling aids, primarily because of the astonishing growth in the relatively low-volume gel category, but also because of good growth in hair sprays and the possibility of some more moderate growth in mousse, which is leveling off after three explosive growth years.

Hair styling products: Estimated '87 unit growth trends

Segment	'85 growth	'86 est. growth	'87 est. growth
Hair sprays	6%	5%	6%
Mousse	200%	15%	2%
Gels	n.a.	107%	50%

Source: Manufacturer estimates

The mousse category, which wasn't even around three years ago, has today become a commodity segment. Like its sister segment, shampoos, the mousse category's profitability has been hurt by the rapid introduction of so many low-priced or budget brand sku's.

Although this category has definitely started to peak after two years of dramatic growth, sales will not be flat in 1986, according to manufacturers.

L'Oreal is estimating that the category will still be up some 10% to 15%, to between $205 million and $215 million in 1986.

Some manufacturers, however, think the category will be flat in 1987, or at best, generate perhaps 5% growth.

According to Drum of Lamaur, about 40% of all American women now use a mousse, and he doubts whether the usage patterns or frequency of usage will go much higher.

At L'Oreal, Arne Zimmerman, senior vp and general manager of L'Oreal's hair care division, said the category is so young that it's difficult to make reasonable estimates about possible peak usage, but he agrees that consumption could be peaking.

"Hair sprays," he said, "are now used by about 47% of all women, and I just don't know if mousse will ever be that developed. Right now the incidence of use, according to our num-

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Shampoo use high in under-30 bracket

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bers, is about 37% of all women."

Mousees profitability update

However, Zimmerman thinks that something can be done to rescue the category from its loss of profitability.

In late summer, L'Oreal announced it was rolling back its prices on Free Hold by 25%. To encourage retailers to mark down prices on product already in the pipeline, L'Oreal was also issuing a credit for all product already on the shelf or in retail or wholesale warehouses.

At presstime, Zimmerman was estimating that the strategy would at least double the movement on the Free Hold brand, and he was hoping that the recent decision by so many retailers to pare back their sku's in the cateogry and to carry just the brands doing 80% of the business would eliminate the excess inventories now in the pipeline and help restore the category to its old profitability.

Drug store ads featuring branded hair care products

Brand	'84	'85
Flex	1,464	1,251
Ivory	543	1,054
Vidal Sassoon	1,240	1,005
Suave	759	868
Finesse	773	794
Jhirmack	867	776
Halsa	n.a.	524

Source: Majers Corp.

Mousse inventories too high

"Mousse inventories right now are sky high," he said. "Retailers today, trying to keep up with the growth we saw in 1985 and 1984, now have 4-ft. sections for mousse, and they're carrying 25 and 30 brands and more.

"Well now, they're beginning to cut back to the five or six brands that do 80% of the business, as we've been encouraging them to do.

"As they start to weed out, the turns will go up, and the inventories will come back in line. If they maintain the mid-priced levels that are out there now and resist the temptation to stock so many low-priced brands, profits in this category should stabilize again."

In 1986, gels, an underdeveloped category that used to consist primarily of two major brands, Dippity-Do and Dep, has begun to take off, much as mousse took off in mid- to late 1984 after L'Oreal introduced Free Hold.

According to John La Douceur, product manager of Jhirmack, sales in the gel category will increase a dramatic 107% to about $60 million in 1986, compared with about $29 in 1985.

L'Oreal is also estimating that gel sales will grow more than 100% to about $60 million for 1986. If unit sales continue to grow at the same year-to-date rate, L'Oreal estimates that unit sales in 1986 could be up 55% to 18 million units.

Although 1984 and earlier year sales in the gel category were not available to *Drug Store News*, manufacturers estimate that sales in this segment prior to 1986 were basically flat.

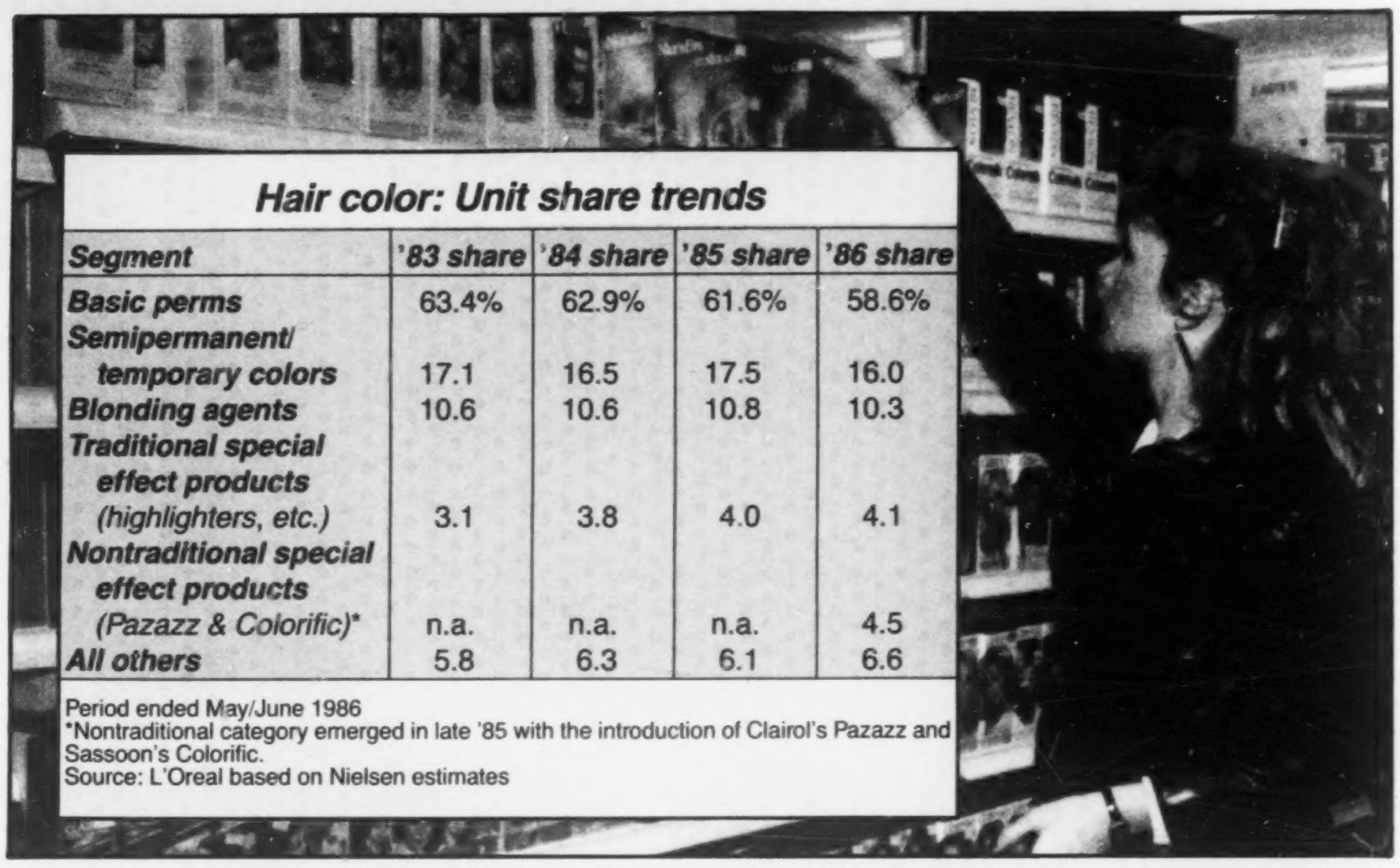
According to manufacturers, the new surge in gel and hair spray sales is directly related to the success that mousse has enjoyed in the past three years.

Instead of destroying the hair spray category, as many manufacturers feared might happen, mousse has revived the consumer's interest in that category and drawn many new users into the gel segment.

The trend is being helped by manufacturers like L'Oreal, Faberge, Gillette, Alberto Culver, Conair and others who are introducing new gels and sprays.

L'Oreal, in fact, is about to introduce the styling category's first creme under its Studio Line brand. Cremes have the hold of a gel and the body of a mousse. L'Oreal believes the time is right for cremes to catch on in the States, as they have already in Europe.

Conair is in the process of rolling out the first spritz hair spray for the mass market. Spritzes have been popular in salons, especially the Sebastini Spritz, but the Jheri Redding Directional Design Spritz that is rolling out now in conjunction with the Jheri Redding Designing and Finishing Spray is the first spritz that consumers will be able to find in drug and mass merchandise stores.



Hair color: Unit share trends

Segment	'83 share	'84 share	'85 share	'86 share
Basic perms	63.4%	62.9%	61.6%	58.6%
Semipermanent/ temporary colors	17.1	16.5	17.5	16.0
Blonding agents	10.6	10.6	10.8	10.3
Traditional special effect products (highlighters, etc.)	3.1	3.8	4.0	4.1
Nontraditional special effect products (Pazazz & Colorific)*	n.a.	n.a.	n.a.	4.5
All others	5.8	6.3	6.1	6.6

Period ended May/June 1986
*Nontraditional category emerged in late '85 with the introduction of Clairol's Pazazz and Sassoon's Colorific.
Source: L'Oreal based on Nielsen estimates

The hair color category should grow an estimated 10% in 1986, to about $450 million. Part of the success will come from new special effects brands like Pazazz and Colorific.

At Conair's $2.79 suggested retail price, the brand will sell at about one-third the price of the salon spritzes.

Jaime Morozowski, director of marketing for Conair's Consumer Toiletries Division, said retailers can expect to see 'many more hair care styling products making the transition from salon to mass market distribution."

Most of these new contemporary gels and sprays are being marketed and merchandised as styling aids, in effect a family or regimen of products designed to handle all the various hair styling needs of today's consumer.

L'Oreal's Studio Line of a gel, mousse and directional spray was the first to debut as a family of styling aids and retailers report that sales have been strong.

According to L'Oreal, the May/June Nielsen's tracking shows that the Studio Line gel was the No. 1 selling sku in drug stores for that category. And although the line was only introduced in February, the Nielsen's already shows the Studio Line mousse has a 2.1 unit share of sales.

At Gillette, where the company is now introducing a line of styling aids under the Mink Difference brand, the strategy is to price the three individual sku's in the line—the mousse, gel and liquid stylizer—at parity with Gillette's well-established Mink Difference hair spray, to encourage multiple purchases.

Gillette's $2.08 price to the trade is designed to ensure everyday retails for the four sku's of under $3. Retailers say they will take advantage of the pricing to create ads that feature all four brands at one common price point. They add that they will build multiple displays for the line on in-store endcaps.

Helene Curtis' Rue said almost all the growth in gels is being fueled by the new brands that are currently being funneled into the consumer pipeline.

"There have been so many entries into this segment since the beginning of the year that you're seeing the same phenomenon that happened with mousse when it first came out. The segment is getting lots of trial," Rue said.

Rue added, however, that retailers can expect the gel segment to flatten out eventually just as mousse did, "once people have tried the brands and the novelty of the segment has worn off."

"Unlike shampoos or conditioners," Rue said "gel is not a 'need-driven' category."

Rue thinks retailers can expect to see strong growth in this segment for perhaps another year; then she expects the category to begin to flatten, as mousse is flattening.

L'Oreal management is projecting that unit sales of gels

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Special effects enliven hair coloring segment

Continued from page 25

will still grow at least 50% in 1987, but there are no estimates beyond that.

Lamaur's Drum also thinks that gels will peak, probably during the course of the next year.

Unlike shampoos, which most women use, gels are used now by just 15%-17% of women and he thinks maximum penetration will never go much higher than 25%.

"At its peak, gels will probably be an $80 million to $90 million category," he said. At the rate of growth that gels are currently experiencing, they could easily hit that plateau in 1987.

Growth in hair sprays

Hair sprays will probably deliver a steadier growth trend line, because they are getting much less trial than gels or mousse and they have a strong base of loyal, traditional users.

There is much less novelty use in this category. It's not a new segment like mousse and gels. It just has a more contemporary thrust, as the new directional nonaerosol sprays and the spot use of such sprays indicate.

L'Oreal's refinement of the Nielsen estimates pinpoint hair sprays as a $525 million category, which should be up 16% in 1986.

Drum pointed out that growth could be stronger, because the hair sprays really only started taking off in the fall of 1985.

According to Faberge, which has the No. 1 unit share in aerosol sprays with Aqua Net (33% share in May/June 1986), aerosols dominate the category with a 64% dollar share. But the growth is coming almost equally from both segments: aerosols and nonaerosols.

Faberge is conservatively estimating that aerosols will be up at least 7% in 1986, as they were in 1985, while the nonaerosols should grow at least 5%, as they did in 1985.

That would mean aerosols should total about $336 million in sales in 1986, while nonaerosols should reach $189 million.

Growth in hair color

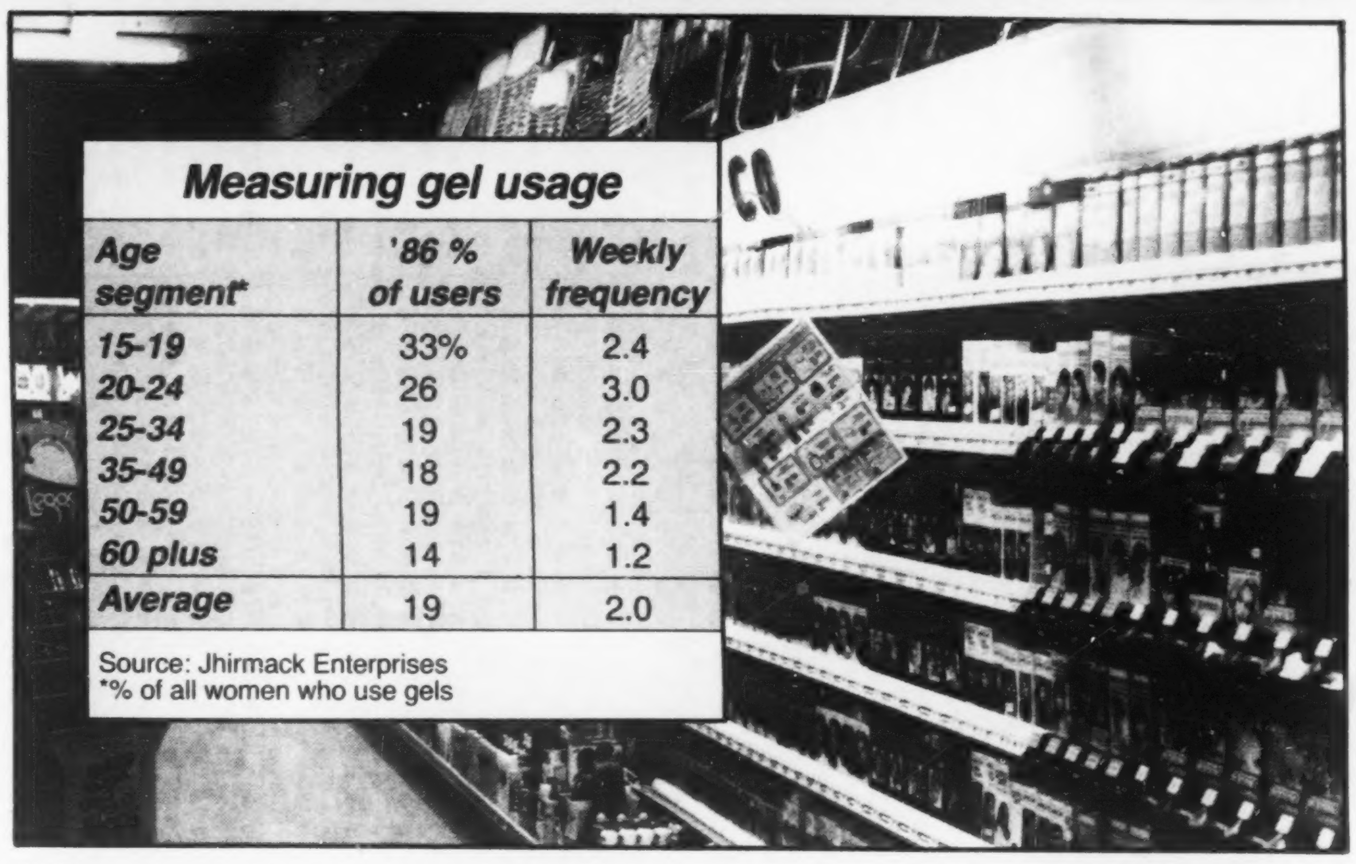
After the styling aids, the next strongest growth area in the hair care category is color. According to L'Oreal, total sales of hair coloring products will be up at least 10% in 1986 to $425 million-$450 million and might even increase as much as 12%, depending on what happens to the nontraditional special effects category being pioneered by Clairol's Pazazz and Vidal Sassoon's Colorific.

The traditional segments of the markets, permanent colors and temporary or semi-permanent colors, are showing moderate growth trends. The dramatic growth in this segment, however, is coming from what A. C. Nielsen and manufacturers define as the special effects categories: the traditional special effect segments like highlighters, frosting and sun-in products and the nontraditional special effects products, currently consisting of Pazazz and Colorific.

Like the gels and mousses, the nontraditional special effects segment is getting tremendous trial as consumers explore this new coloring option. Whether sales will continue to climb after the novelty wears off is debatable.

Some manufacturers of traditional hair coloring products are afraid users will be disappointed in the category, because the colors can rub off on the skin and stain clothes. These sources fear that the young shopper, who is the prime target for Pazazz and Colorific, will try these new shades for their fashionability but will later be turned off as they find the colors run when wet or can stain. Such disillusionment at this stage might condition users, as they grow older, to reject hair coloring products in general. That, of course, would hurt future sales of the traditional colors, including the highlighters, the semi-perms and the permanent colors.

According to the latest Nielsen's tracking, Colorific, which just finished its third Nielsen two-month period, has a 57% share of the nontraditional special effects market. Pazazz, which is in its second Nielsen period, has a 43% share. In terms of total hair care, Colorific has a current 3.7% share, while Pazazz has a 2.8% share.



Measuring gel usage

Age segment*	'86 % of users	Weekly frequency
15-19	33%	2.4
20-24	26	3.0
25-34	19	2.3
35-49	18	2.2
50-59	19	1.4
60 plus	14	1.2
Average	19	2.0

Source: Jhirmack Enterprises
*% of all women who use gels

Although mousse sales have started to peak, the category's success has led to a revival in all hair styling products, including gels, cremes and sprays.

One manufacturer, however, pointed out that in the May/June Nielsen's, Colorific's third period, dollar sales were down 12% from the prior period, while unit sales were down 7.5% Whether that trend is an aberration or an indication of things to come is not clear yet.

New users fueling growth

Jean Hansen, director of Clairol's hair color division, said the growth in hair color is coming from new users of the nontraditionals and from new users of the more traditional special effects products, such as the highlighting brands and frosting kits.

"There's a new fashion trend in hair coloring," she said. "Women are beginning to view their hair as a vehicle for making a fashion statement, and color has become a fashion accessory.

Permanent colors

According to L'Oreal, basic permanent colors now have a 58.6% unit year-to-date share of all hair coloring products sold through food and drug outlets. In drug outlets alone, permanent hair colors have a 56.3% unit share.

Total unit sales for the basic permanent colors are up 3% in food and drug outlets for the May/June year-to-date period, compared with declines of 5%, 3% and 4% in 1985, 1984, and 1983 respectively.

Semi-permanent colors

The semi-permanent hair colors, which last only through four to six shampoos, are now at a 16% share of market, according to L'Oreal's reading of the latest Nielsen's, and are growing at an estimated unit rate of about 5% in 1986.

In 1985, the semi-permanent or temporary colors were up 3% in unit sales, compared with a 5% decline in 1984.

Traditional special effects

The traditional special effect category, which is made up of brands like L'Oreal's Brush on Softcolor Highlighters; Clairol's Frost & Tip, Quiet Touch and Light Effects; and Revlon's Frost & Glow, now have a 4.1% share of unit year-to-date sales, according to L'Oreal and Nielsen.

This category, which grew at 19% and 13% in 1984 and 1983, respectively, should be up at least 6% in 1986 after flattening out slightly in 1985.

Blonding agents

Blonding agents, which have a 10.3% category share, should be up 3% in 1986 after three years of unit sales declines.

Home permanents

According to L'Oreal, the latest Nielson's tracking also shows that home permanents continue to be a flat category. However, dollar sales declines in 1986 may be much milder than they were in 1985, when the cateogry declined 8% to $130 million. In 1986, L'Oreal is estimating the category will be down 1%, to about $129 million.

However, the latest Nielsen's shows that dollar sales of home permanents in drug store outlets alone were down 10% for the May/June period, while unit sales for that period were down 12%, so the estimated 1% decline for 1986 could be too optimistic.

Manufacturers have been reducing their media advertising in this category since 1983, and that trend is expected to continue in 1987.

Men's hair care

Faberge president Manenti estimates that the total men's hair care market, which now consists primarily of hair sprays, gels, mousse and other styling aids, may hit the $150 million point in 1986.

Manenti said the category is growing in dollar sales at a rate of about 8% a year.

Drug stores paring mousse assortments

Drug store retailers are cutting back on their mousse assortments to free up space for gels, glazes, cremes and other products that fall into the hair styling classification.

Retailers say that with mousse sales leveling out and sales for gels and other styling products doubling in volume, the logical thing to do is merchandise all the hair styling, body building and sheen products as part of a styling department.

Mousse use

Age segment	'85	'86
15-19	66%	67%
20-24	48	61
25-34	41	54
35-49	35	47
50-59	30	39
60 plus	14	20
Average	36	43

Source: Jhirmack Enterprises

The chains who are leading the way in creating hair styling sections include Walgreens, Perry, Begley, Peoples and Page Drug.

Mousses with temporary color are also being placed in the styling sections (or cross-merchandised here and with color).

Jim Kyle, the toiletries buyer at Page Drug, said products that are making the transition from salon to retail shelves, such as spritzes, a French pump styling spray that can be used on wet or dry hair, have tremendous potential for future sales.

Conair is in the process of launching the first spritz for the mass merchandise retail market, but Kyle has already been selling spritzes made for the beauty salon market that he secures through a local beauty wholesaler.

Buyers say the spritz category is great because it does not steal volume from other styling aids such as hair sprays.

Hair spray sales, in fact, are also growing, largely because of what buyers say is the new trend toward "a more styled look" for contemporary hair.

Mousse: Weekly frequency

Age segment	'85	'86
15-19	3.6	3.7
20-24	3.0	3.1
25-34	2.9	3.0
35-49	3.2	2.8
50-59	2.2	2.4
60 plus	1.7	2.1
Average	2.9	2.9

Source: Jhirmack Enterprises

Retailers wash slow-turners right out of their hair

Drug store retailers are hoping to offset flat growth in key hair care segments by paring back slow-turning sku's in some categories such as mousse and shampoos/conditioners, while adding more high ticket-higher margin premium brands wherever feasible.

Retailers say they appreciate the success they've achieved using the low-budget priced shampoos and mousses to build traffic and turns, but that the head-banging on discounted prices and on featured ads has gotten to the point that it's virtually impossible for them to make much money selling mousses and the high volume shampoos.

"Just when you think prices can't get lower, you do a price check on the competition and you have to go lower," said Maxine Merrifield, Perry Drug Store buyer.

"The customer has been trained to buy whatever is on sale," Bill Pories, vp merchandise manager OTC, health and beauty aids and cosmetics for Peoples Drug Stores, pointed out.

Low prices turn sales

The emphasis on price in shampoos has made lower-priced, under $2.25 brands popular. Suave, for example, has about a 7.2% share, Ivory commands a 4.4% share and White Rain, a relatively new contender, already has snared a 2.1% share.

According to Salomon Brothers research, the price/value segment already produces 21% of dollar sales and 25% of unit movement with the potential of reaching 30%.

Drug chains say they adore the turns yielded by these brisk sellers. However, many are seeking to augment price/value with a pricier option: prestige lines.

Many of these lines are items which have trickled down from salons. Others are new entries by savvy vendors who want to capitalize on drug stores' need to separate itself from the competition.

Prestige lines impact

Chains such as Perry and Peoples are carving more space out of departments for upscale brands which carry price tags of $3 and up.

The most mentioned brands include: Neutrogena, Sassoon, Jhirmack, Jheri Redding, Pantene, Infusiom, Australian Three Minute Miracle and two relatively new contenders, S. C. Johnson's L'Envie and Alberto-Culver's Natural Silk.

Since these items carry higher prices and are often not carried by competitors, drug stores can reap margins as high as 40%, vs. the 15% generated by price/value sku's.

Ralph Kinder, buyer for Begley Drug, said these items give drug stores a leg up on competition. "Alberto claims Natural Silk will not be sold to discounters, so that gives us an edge."

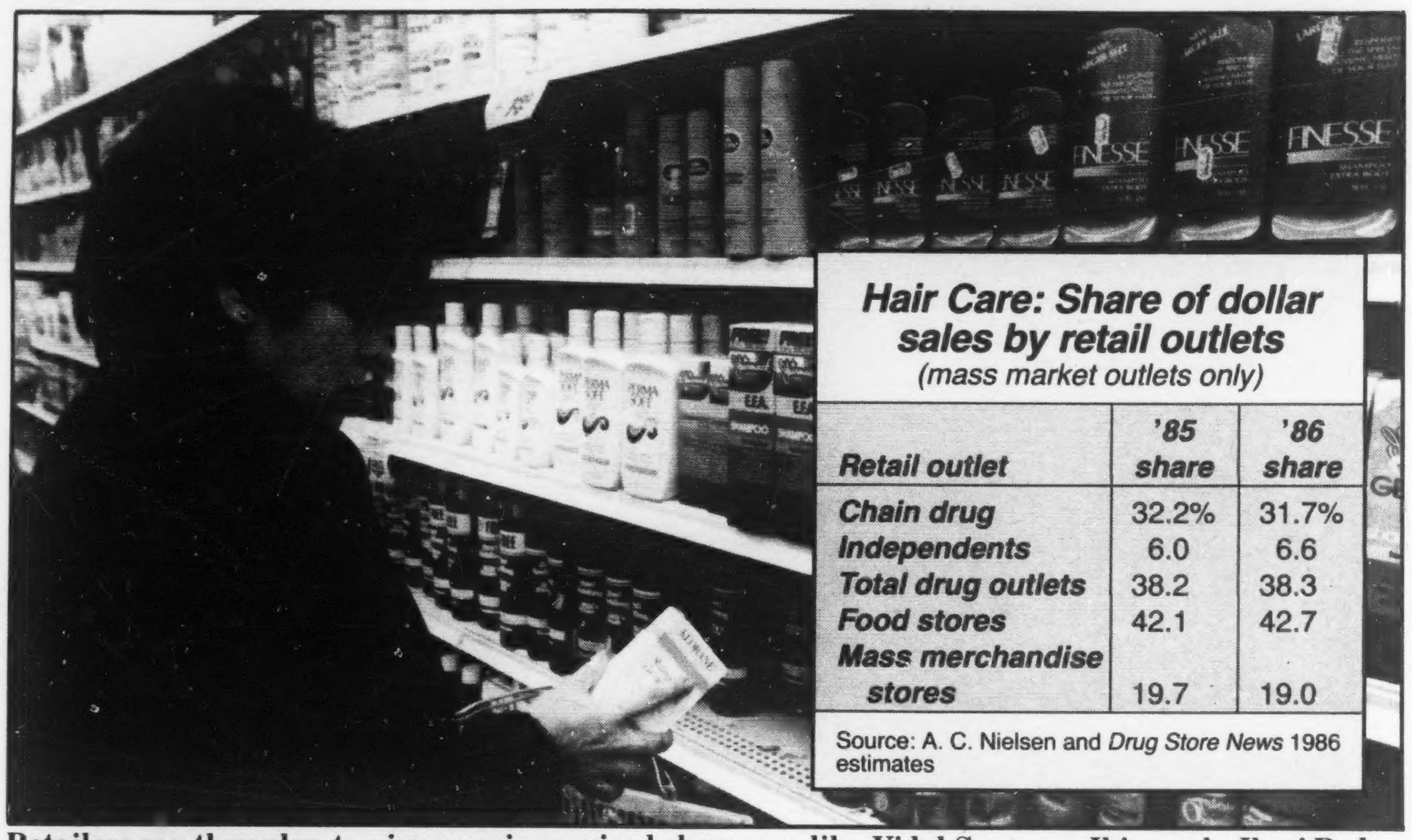
Other successful brands such as Pantene and Infusium had a history in department stores or salons, buyers said.

Another brand being grouped into the prestige area without a salon start is S. C. Johnson's L'Envie. It capitalizes on its scents that resemble expensive perfumes such as Opium and Giorgio. An Obsession-inspired shampoo and conditioner will debut shortly.

"L'Envie has been good, but we're not going to keep carrying all of the 10 sku's," offered Kim Taylor, buyer for Thayer Pharmacies in Stoughton, Mass. "We'll keep the fastest sellers like the Giorgio version."

Keeping mix current

Editing the shampoo and conditioner mix is an ongoing balancing act for buyers who must wrestle with a never-ending flow of launches and line extensions. To make room for the prestige subsection, buyers say they are reducing duplicate sku's, eliminating medium sizes and weeding out slow movers. Planograms are being reset as often as three times a year and ranking is being done by using item movement and gross profit data.



Hair Care: Share of dollar sales by retail outlets
(mass market outlets only)

Retail outlet	'85 share	'86 share
Chain drug	32.2%	31.7%
Independents	6.0	6.6
Total drug outlets	38.2	38.3
Food stores	42.1	42.7
Mass merchandise stores	19.7	19.0

Source: A. C. Nielsen and *Drug Store News* 1986 estimates

Retailers say they plan to give premium-priced shampoos like Vidal Sassoon, Jhirmack, Jheri Redding, Finesse and L'Envie more space in 1986-87. The reason: higher ticket sales and bottom-line profitability.

Hair care: Retail $ sales by segment
(in millions)

Segment	'84	% change	'85	% change	'86	% change
Shampoos*	$1,149	4.7%	$1,140	(0.8)%	$1,145	4.0%
Conditioners*	628	2.2	633	0.8	639	0.9
Hair sprays**	420	8.3	450	8.0	525	16.0
Hair color**	410	3.0	410	0.0	450	10.0
Ethnic***	249	4.0	266	7.0	293	10.0
Mousse**	60	n.a.	189	115.0	215	15.0
Home perms**	141	3.0	130	(8.0)	129	(1.0)
Gels*	n.a.	n.a	29	n.a.	60	107.0
Total	$3,057	6.0	$3,247	6.5	$3,426	5.6

Source: *Jhirmack Enterprises based on Nielsen estimates of food, drug and mas merchandise stores.

**L'Oreal Inc. based on Nielsen estimates of food and drug stores only.

****Drug Store News* and Nielsen estimates.

According to A. C. Nielsen, the average department is 71 linear feet. And, buyers say, it will not get bigger to house new items.

"We're not seeing the new product frenzy of 1984 when you had Dimension, HDR, Atune and Perma Soft," said one buyer, "but we still wind up dropping 38 sku's to add 38 new ones almost everytime.

Cutting sku's

In the shampoo business, sources added, a shampoo that doesn't shine within six months probably won't escape the next planogram cut.

Even mega-budget advertising budgets do not guarantee success anymore as witnessed by the $25 million spent on HDR. The marketing strategy of segmenting such as Atune and Perma Soft has not been overwhelming either, buyers noted.

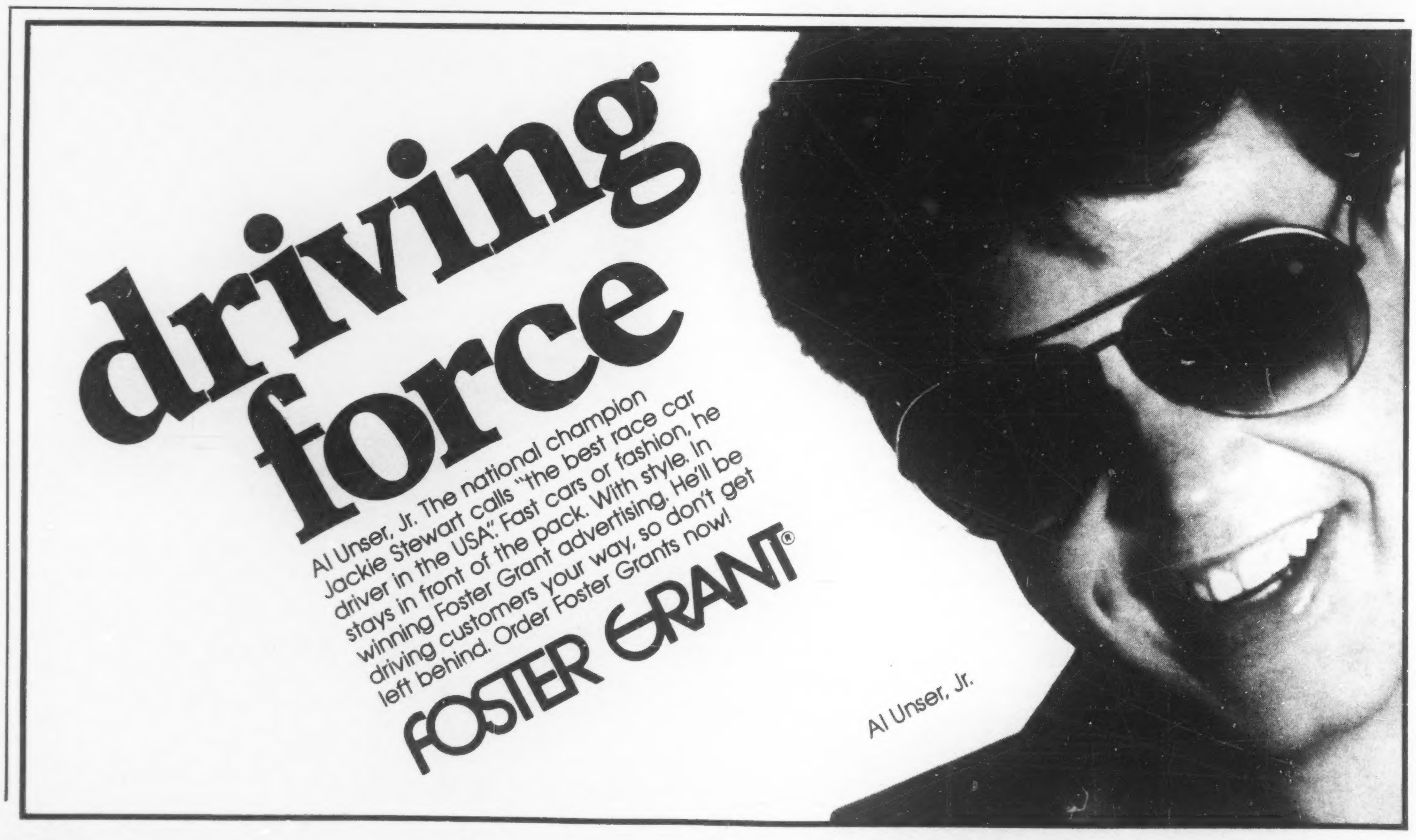
Dandruff shampoos, however, have carved a nice niche at 20% of the market.

Another subsegment emerging is a knockoff concept borrowed from the fragrance strategy of "if you like so and so . . . try so and so." One of the first companies to try this in hair care is Amitee with its Salon Image line of shampoos inspired by salon items such as Lamaur's Apple Pectin and Nexxus.

"We're seeing more of this and it could be the next big thing since it has worked so well in cosmetics," said Nerrifield Kinder at Begley said he also does well with Nexxus-inspired Jackkies.

Kyle, however, passed up these brands.

"If Nexxus won't sell me, why should I sell something that compared itself to it? That tells my customer that there is something out there better and why would I want to do that?" he concluded.



Al Unser, Jr. The national champion Jackie Stewart calls "the best race car driver in the USA." Fast cars or fashion, he stays in front of the pack. With style. In winning Foster Grant advertising. He'll be driving customers your way, so don't get left behind. Order Foster Grants now!

Juice-added beverages make profits sparkle

Introductions attract new consumers

Incremental sales from juice-added soft drinks are fueling 5% to 10% beverage sales growth at drug chains.

SupeRx, Eckerd and Begley Drug are among chains logging growth largely from new soft drink customers attracted by juice ingredients. Most chains promote conventional sodas as traffic builders, but others, such as Revco and Gray Drug Fair, are also capturing customers for the juice-added products by using in-store signage, and trial-size displays.

"I think the juice-added drinks are bringing in new people who maybe didn't drink soft drinks before. We're not losing sales of other lines," said Peter Agostino, Eckerd's merchandising manager for tobacco, food and beverages. With soft drink sales up 10% in 1985, Eckerd has added a second everyday soft drink endcap display to its 5- to 15-ft. in-line section, and 5 ft. of cold drinks, in its convenience food departments.

Broad appeal

The juice-added line extensions—notably those of Coke and Pepsi, who have claimed the widest distribution so far, have had broad appeal throughout markets where tastes and assortment vary. In attracting the nutrition- and health-conscious customer, their sales in Eckerd's 15-state trading zone have grown as a percentage of total sales, said Agostino.

Eckerd experiences "dramatic" flavor preference variations from region to region and city to city, Agostino added.

Eckerd's Hispanic customer, for example, leans toward fruit punch flavors, blacks favor grape flavors, diet drinks sell best in upscale neighborhoods, and high school neighborhoods support sales of sugared drinks and cherry flavors.

To cope with this variety, Eckerd store managers work with bottlers to pick the assortment. Agostino dictates the package sizes sold and the general store layout plan.

SupeRx, logging 3% to 4% soft drink sales growth annually, similarly leaves assortment selection to regional and district managers, who use a conceptual planogram of 12 ft. to 20 ft., said SupeRx merchandise manager Dave Coleman.

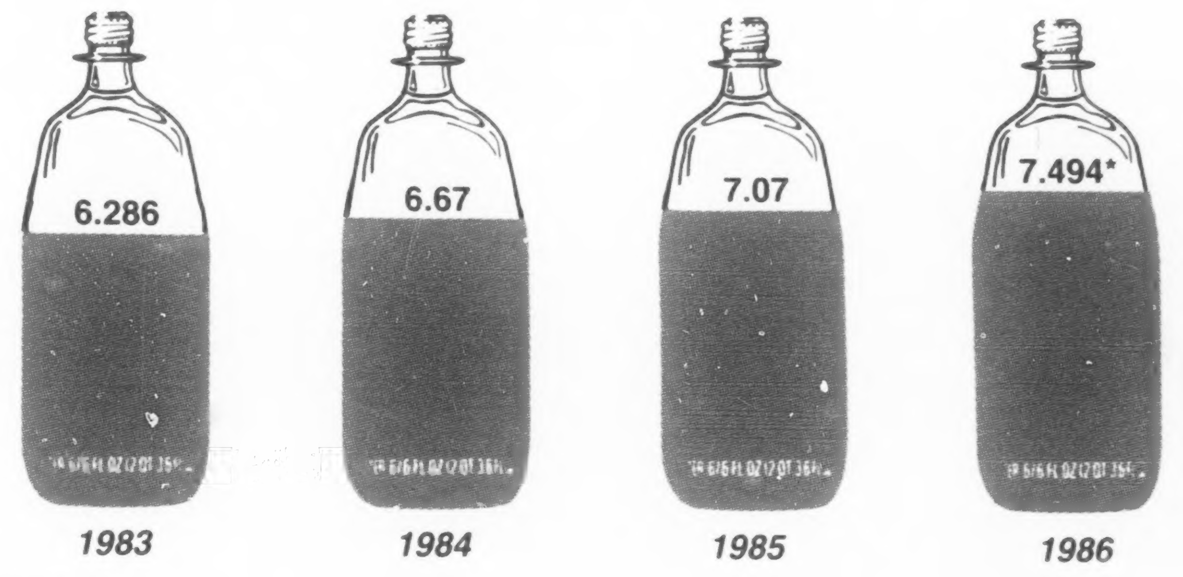
Not enough space

"You will see the juice-added segment grow. But we don't have space to carry it all," said Coleman, who is awaiting a shakeout among the flood of new juice-added drinks.

Gray Drug Fair is promoting the juice-added line with shelf signs advertising 2-liter bottles of Pepsi's Slice as "value-added with 10% juice" at $1.19. Dump bins of Slice 10-oz. sizes at three-for-89¢ are positioned in front of pharmacy near the checkout.

Carbonated soft drink sales

(Sales measured in billions of cases of 24 8-oz. containers)



*estimated

Manufacturers' sales of carbonated soft drinks should grow by 6% in 1986, matching the growth rates of recent years.

Source: John Maxwell, beverage analyst with Furman, Selz, Mayer, Dietz and Birney

Revco in some stores has put bins of 10-oz. Slice and 10-oz. Coke samples at 29¢ each next to its rear-of-store convenience food section, where warm drinks are also displayed in-line.

Chains continue to emphasize vendor's regular, diet and decaffeinated lines in newspapers and in coupon books, using soft drinks as traffic builders.

Begley recently advertised 12-oz. canned 6-packs of Pepsi and Coke products in weekly newspaper inserts. In coupon books, Begley features Coke 2-liter bottles and Pepsi 12-oz. 12-packs on the book covers.

Prices are at cost or slightly above to beat supermarket competition, said Begley buyer Mark Tipton.

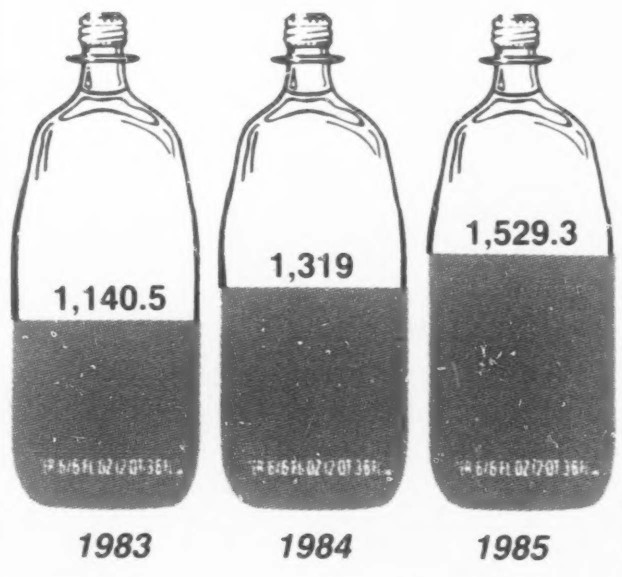
Expects more growth

"We've seen a nice increase in sales in the past few years, and we see more growth coming," said Tipton.

Begley limits its sku's by carrying only Pepsi and Coke lines in 16- and 24-ft. runs located adjacent to snacks and candy at the front.

Diet drink sales bubble up

(Diet drinks sales in millions of cases)



Manufacturers' sales of diet drinks have outstripped overall beverage sales growth, increasing 15.7% from 1983 to 1984 and 15.9% from 1984 to 1985.

Source: John Maxwell, beverage analyst

Revco recently launched once-a-month tabloid soft drink ads in a traffic-building strategy, with prices at or near cost.

Beverages boast nutritional punch

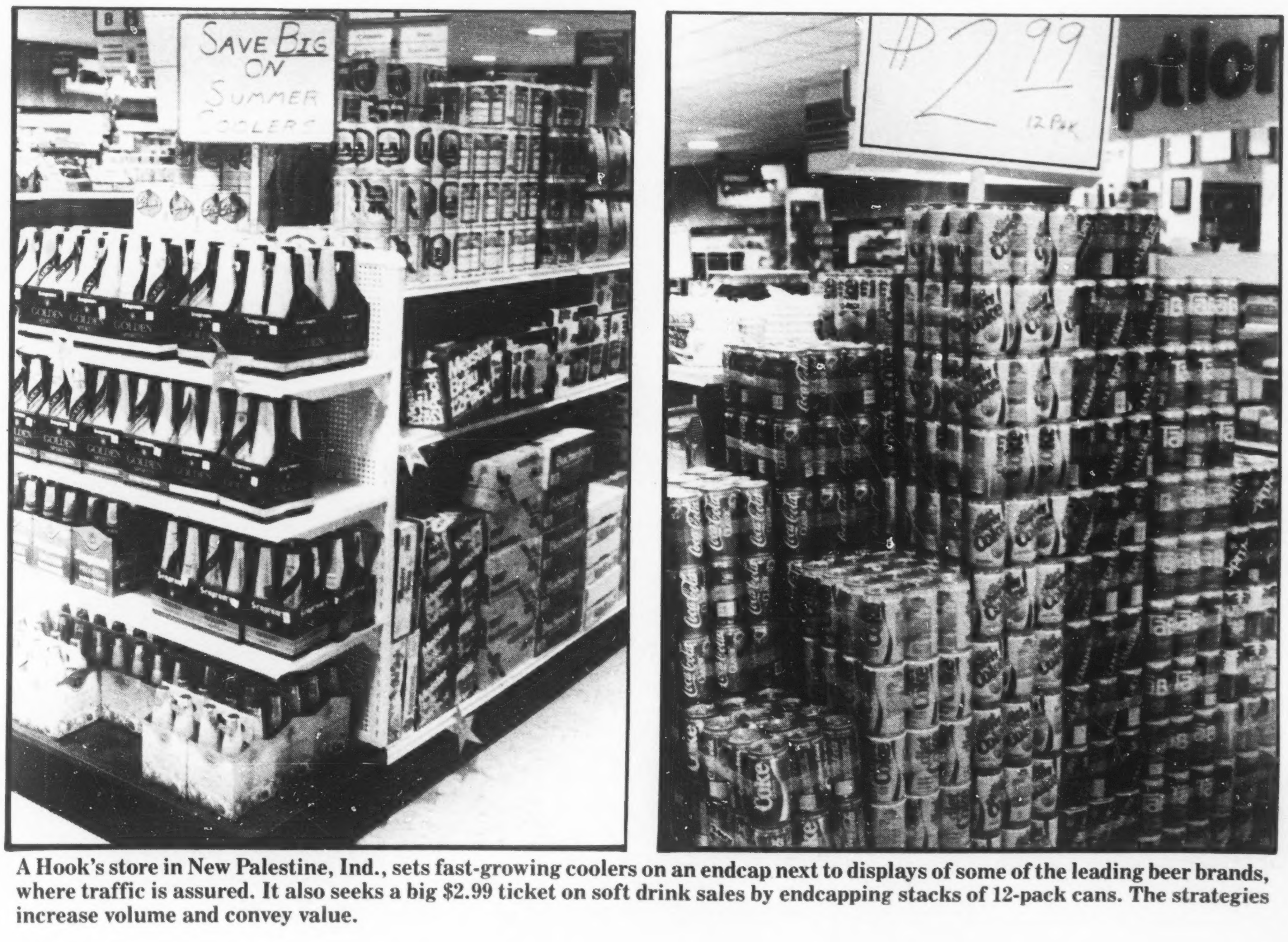
Vendors launched a bevy of new value-added beverages after Pepsi captured 1.3% of the soft drink market in 1985 with its juice-added Slice drink.

Vendors are chasing new customers, who have accounted for 50% of juice-added sales. Also vying for shelf-space are new vitamin-fortified drinks, and a drink by Royal Crown that ups the juice content as high as 25%, according to Beverage Industry magazine.

Meanwhile, experiments in new packaging flopped. Coke's test market of a giant four-liter bottle fell flat in Memphis. Coke put development of a plastic see-through can on hold, when recycling problems arose due to the can's two-metal construction, which included an aluminum top and bottom.

New drink entries include:

- Coca Cola's new Minute Maid 10%-juice drink, which achieved national distribution this year, with two flavors, in diet and regular. Coke also advertised vitamin content on the package.
- Coke replaced Tab regular, with Tab with calcium in January, aimed at women's nutritional needs.
- Sunkist last fall launched Sunkist Plus, and Diet Sunkist Plus, 10% juice drinks.
- 7 Up's Citrus 7, in diet and regular, broke out in 20 test markets this year.
- Procter & Gamble reformulated its Crush line, injecting 10% juice.
- Royal Crown, at summer's end, unveiled Nehi Froot, with 25% juice.
- The Squirt Co., of Holland, Mich., last fall offered Diet Squirt Plus, a vitamin-fortified drink.



A Hook's store in New Palestine, Ind., sets fast-growing coolers on an endcap next to displays of some of the leading beer brands, where traffic is assured. It also seeks a big $2.99 ticket on soft drink sales by endcapping stacks of 12-pack cans. The strategies increase volume and convey value.

Stylish cigarette launches light up retail sales

Retailers snub slow movers to tally gains

Strategies by cigarette manufacturers to chase sales by introducing new styles will increase pressure on drug retailers to boot out the slowest movers—fast—in order to maintain turns.

The proliferation of new styles that marked 1985, when style types increased by 25% to 250, was just the first wave of new cigarette offerings. Vendors have already launched a new barrage this year, with new brands propelled into national distribution and others being watched in test market.

The price-value segment—the bright light of 1985, an otherwise flat sales year—is sparking the most interest, following the success of such brands as R. J. Reynolds' Century and Brown and Williamson's Richland cigarettes. As of July, Century held 1.1% of the market, and Richland had over 0.5%.

Branded not neglected

But branded and full-flavor cigarettes, which maintain strong sales in drug stores, are not being neglected either in the rush to introduce new products. "We think they have a long and healthy future," noted one tobacco company executive.

Drug store retailers say nonstop proliferation creates many problems in managing the category: Fixtures are overburdened and can't hold the 25-size packs, price segmentation complicates accounting and the pressure to monitor movement is heightened.

Customers are increasingly divided between the brand-loyal and value-driven, because of continual price hikes.

The branded generic cigarettes have prospered by filling the middle ground—offering prices at 10% to 20% below branded, plus a brand image, with packaging upgraded from the standard nondescript generic pack.

Branded generics

Liggett and Myers, a major generic supplier with its Quality Lights, is leaning hard in this direction with what it calls "upscale" generic or "second generation" generic. "There is a willingness by smokers to go to a lower-priced brand. But the consumer wants something more than plain black and white," said L&M spokeswoman Carol Jova. L&M as a result has recently launched five branded generics in test market: Total, Frontier, Filter Deluxe, Flavor Deluxe and Quality Deluxe.

Philip Morris has mounted a challenge to Doral, R.J.R.'s branded generic, with Cambridge, which is in test market in Denver and Des Moines and in the military. It's PM's lowest-price cigarette in four packings.

Brown and Williamson recently introduced Falcon Lights in a test throughout most of Kentucky. It's a branded generic with a suggested retail price at 30¢ to 35¢ a pack below branded.

Vendors are also mounting challenges to Century and Richland, after their success in offering 25 cigarettes for the price of 20.

Philip Morris this year launched Player Light 25's. Brown and Williamson followed Richland with Richland 25 100's in full flavor and light price-value packs, which recently went into national distribution. B&W is now watching Kim 25's, its slim-style, menthol and nonmenthol smokes aimed at women, in tests in Nashville and Hawaii.

Early this year, American Brands went national with its price-value entry: a Pall Mall king-sized nonfilter 25 pack.

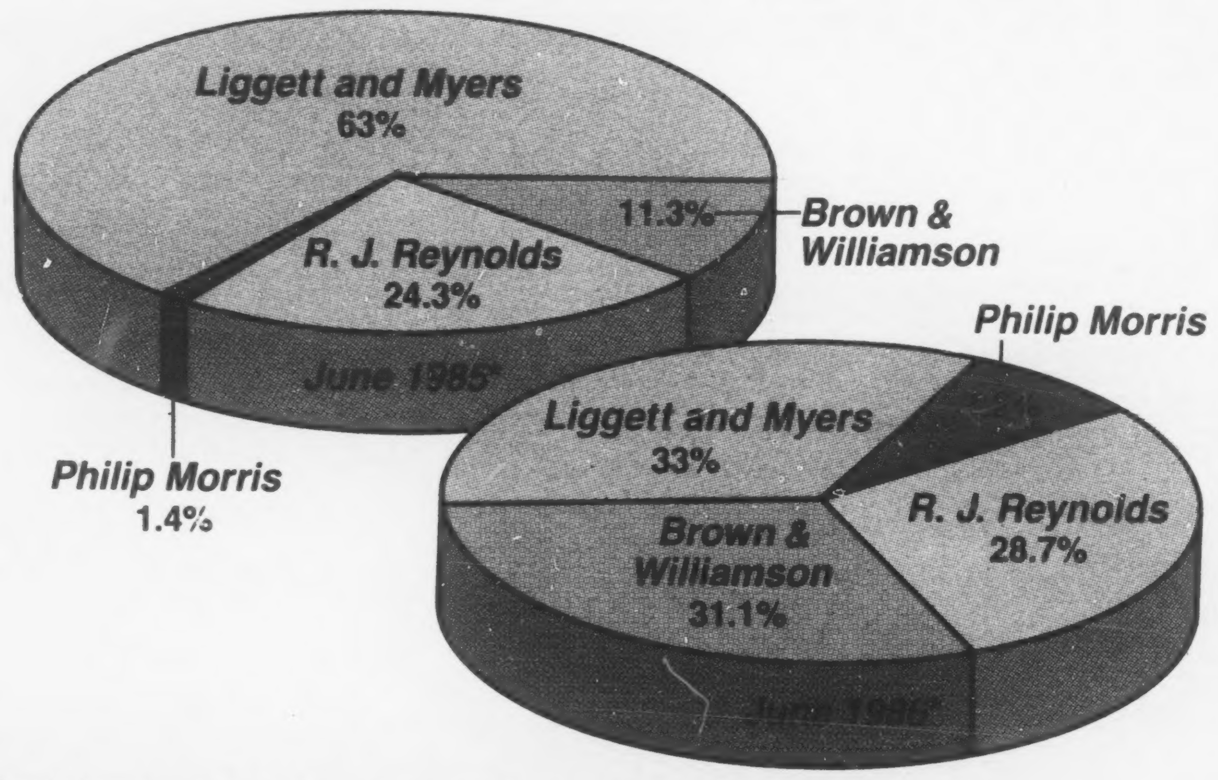
Price-value segment

The future looks hopeful for the price-value segment's 25's and generics, after it grew in market share in 1985 from 5.5% to 7.3%. Tobacco analyst John Maxwell has estimated that share grew to 8.6% in June this year, and should climb 1% a year. More cigarette taxes could propel the growth even higher, industry watchers predict.

Meanwhile, overall sales have been flat, with predictions of an annual 1% decline for coming years in the face of consumers' health concerns and price and demographics working against cigarette use.

Price-value shares shift

(Percentage of market share in unit sales of generic, branded-generic, and price-value 25 cigarettes.)



*Results based on a 12-month moving comparison to adjust for seasonal fluctuation.
Source: John C. Maxwell Jr., an analyst with Furman, Selz, Mager, Dietz and Birney.

But vendors are strongly behind new experiments with branded lines. This is a result of consumer demand, they say, and a me-too competitiveness. It also stems from a reluctance to accept low returns on price-value cigarettes, in the view of Lorillard.

"We are not in price value, because there's no profit in that segment. It's just a question of churning units, as we see it at this time," said Lorillard senior vp-sales Richard Orcutt. Lorillard last fall unveiled instead True Gold, in king size, 100's, soft and box, a line-extension of True, with full price.

RJR has followed up its April national launch of the standard-priced Ritz with test markets of two new standard-priced Winstons: Winston Light 100's in a box and Winston Light Kings boxed.

Eli Cutter test marketed

Brown and Williamson is weighing in with Eli Cutter, a full-priced offering in full flavor and light king sized, in test market in towns in Kansas and Oklahoma. Eli Cutter is a new brand name, as opposed to a line extension, B&W's third new name, along with Falcon Lights and Kim.

American Brands, with an old name, launched another kind of first last month when it rolled out Pall Mall unfiltered lights, the first low-tar, low-nicotine cigarette without a filter—with 14mg tar and 1.1mg nicotine. The company put the brand, which it hailed as a major breakthrough, in test market in Providence, R.I.

Industry sources estimate that so far in 1986 about 20 more styles have come on the scene, making merchandising decisions more complex for retailers. Many drug chains have carried 100 to 120 styles in individual stores, to satisfy the needs of the vast majority of their customers. One industry watcher recently estimated that a retailer must now stock 191 different brands and styles to meet the needs of 98% of customers.

Dr.Grabow PRE-SMOKED PIPES
ULTRA LIGHT
IMPORTED FROM SWEDEN
BORKUM

Cigarettes and related tobacco categories are mass displayed to maximize visual impact by front end and photo service counter at a Peoples Drug store in Alexandria, Va.

DART
Pay the
the contra
EVER
thank you for shopping
EVEREADY
BRACHS
PICK-A-MIX CANDIES

A Dart Drug home center store in Greenbelt, Md., merchandises cigarettes in single-pack checkstand displays. It is one of just three categories selected for the high-impulse territory, along with batteries and bulk candy.

Allowances help Harco plug tobacco

Harco Drugs is emphasizing tobacco counter displays as a way to get more display dollars from manufacturers and help offset higher inventory costs caused by the proliferation of sku's, said Gerry Thomas, vp-operations.

"We would like to have a fixed investment. But your investment has to increase to support the same business, because the tobacco industry is declining, and their answer is to cannibalize each other," said Thomas.

Thomas said Harco is using counter display allowances that major vendors have recently increased, as they jockey for exposure of their new brands. The chain can't afford to ignore the payments, in the face of flat cigarette sales, he said.

Price has increased

Thomas noted that the flat sales dollars of recent years mean unit movement has actually declined, since the prices have increased. The price for a pack of branded smokes has grown from 80¢ to $1.10 in the past three years.

During that time, Harco has experienced steady growth of such branded generics as RJ Reynolds' Doral and brands by L&M, Thomas said.

"We carry the price value 25's. But I don't see them doing that well," Thomas noted.

Unlike larger chains who can find it profitable to warehouse and distribute cigarettes on their own, the 59-store chain uses five wholesale distributors to supply its stores in Alabama, Mississippi and Florida. With the wholesaler relationship, Harco avoids the high inventory costs, obains security from pilferage and gets twice-a-week order delivery.

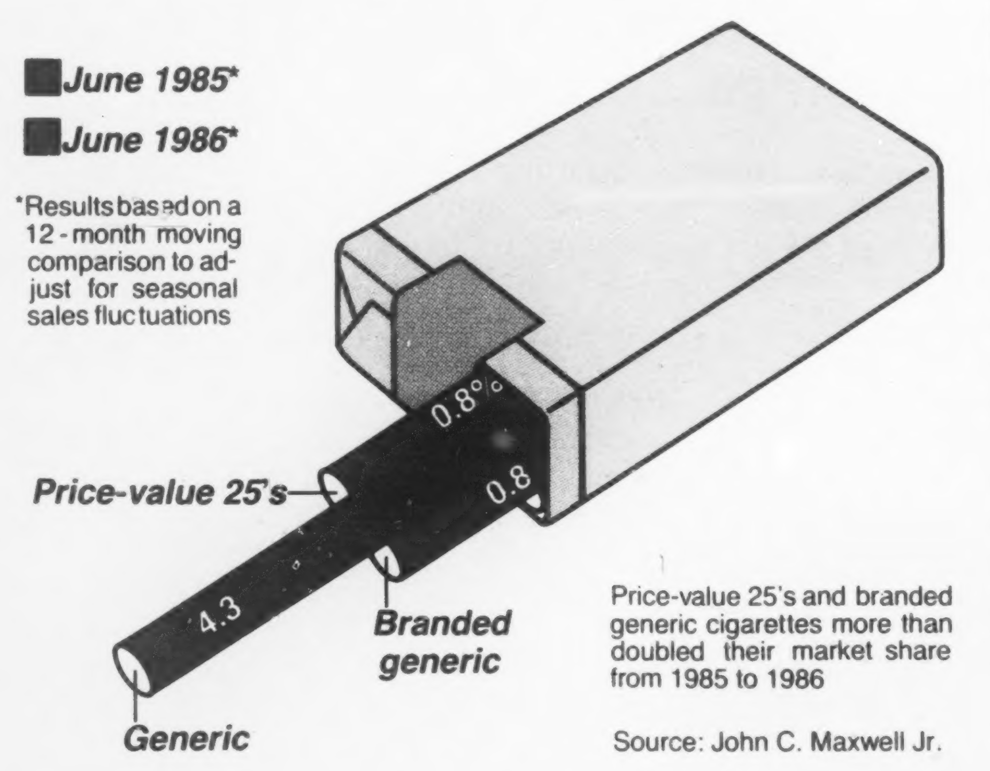
Assortment decisions

Thomas's office decides on assortment based on market share reports, such as those by analyst John Maxwell. But the local store manager has the discretion to carry particular brands that are in demand.

But in managing its planogram, Harco orders its distributors to delete a vendor's brand style when that vendor introduces a new style, to make room in vending cases.

The cases typically accommodate 100 styles, in behind-the-counter locations. Thomas has also recently taken on RJR's new overhead rack for single packs in selected stores.

An in-line display at Rite Aid, Camp Hill, Pa., draws extra traffic to the slow-growth cigar category by pegging popular, high-turn lighters at eye-level.



Cigarette segments grow

(Percentage of total market sales, in units)

*Results based on a 12-month moving comparison to adjust for seasonal sales fluctuations

Price-value 25's and branded generic cigarettes more than doubled their market share from 1985 to 1986

Source: John C. Maxwell Jr.

Read Classified Ads!

This international journalist will be seen over 250 million times in weekly magazines, Sunday supplements and womens' monthly magazines.

This letter will be noticed by more than 90% of adults 18-49 years old.

When you've been there and back
SURGEON GENERAL'S WARNING: Cigarette Smoke Contains Carbon Monoxide.
LOW TAR KINGS & 100'S
TRUE GOLD
THE RIGHT TASTE. RIGHT NOW.

With this exciting new image campaign, backed by extensive point-of-sale and consumer promotions, there'll be a lot of empty True Gold packs around.

Stock up on True Gold Kings, 100's and 100's Box.

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Deadline extended for Medicaid plan input

Federal Medicaid officials have agreed to give pharmacists and other interested parties a bit more time to comment on pending proposals to revamp government drug reimbursement rules.

In response to requests from NACDS, NARD, PMA and other groups, the Health Care Financing Administration extended the deadline for comments through Oct. 20.

Whether the extra time will enable pharmacy and industry leaders to reach a consensus on the best reimbursement reform approach is questionable, however.

Right now, there is anything but widespread agreement on H.C.F.A.'s three options: a streamlined version of the current MAC/EAC system; a Pharmacists' Incentive Program (PhIP) offering bonuses to Medicaid pharmacies selecting generics over brand name drugs; and a Competitive Incentive Program (CIP), under which Medicaid pharmacists would be paid their "usual and customary" charge less a government discount (5%-10% for single source products and 25% for generics dispensed in place of higher priced brand name drugs). APhA has already endorsed CIP, but the drug chains want a pure "usual and customary" reimbursement approach without government discounts, and brand name pharmaceutical manufacturers are holding out for the status quo.

* * *

Pharmacy groups concerned

There is general concern among pharmacy groups about one aspect of H.C.F.A.'s proposal: the agency's plan to allow state Medicaid programs to choose their own reimbursement system for drugs regardless of the approach decided on by Federal rulemakers. As proposed by H.C.F.A., states "would be permitted to utilize an alternate drug reimbursement system if aggregate payments under that system would not exceed the upper limits set by the adopted approach." According to officials at NACDS, this "flexibility" undermines one of the drug store industry's key Medicaid reform goals: greater nationwide uniformity in Rx drug reimbursement.

WASHINGTON ALERT

Regulation of pharmaceutical labeling draws fire at seminar

F.D.A.'s regulation of pharmaceutical "labeling" has grown so restrictive that it's choking off legitimate avenues of drug information for pharmacists and physicians, attorneys warned during a recent Food and Drug Law Institute Rx advertising seminar.

Washington, D.C. lawyer Peter Safir told the group that currently, the F.D.A. is interpreting "virtually all written material by a pharmaceutical company as labeling," including manufacturer sales brochures, videotapes, reprints distributed by the sales force and press kits used to support new product launches. Although the agency's regulations supposedly exclude educational materials and activities from the drug labeling requirements, Safir said that the F.D.A.'s interpretation of this exemption is "exceedingly narrow."

However, Safir offered pharmaceutical manufacturers some advice on how to avoid intervention by the F.D.A. The agency, he said, "has generally not raised objections" to articles about drugs published in "single-sponsor publications" (such as *Convention Reporter, Rheumatology Update* and *Gastroenterological News)*, even if they are paid for by the pharmaceutical manufacturer. Similarly, "educational symposia" funded by a drug manufacturer but sponsored by a university is not likely to draw an F.D.A. challenge, he said.

F.D.A.'s Young pledges to add 'softgel' to agency's lexicon

The newest word in F.D.A. Commissioner Frank Young's vocabulary is "softgel"—a term coined by the pharmaceutical industry to distinguish between two-piece hardshell capsule dosage forms, which have been the targets of numerous recent tampering incidents, and the newer, more tamper-resistant one-piece soft gelatin capsules. In response to requests from the "Softgel Association"—a group interested in emphasizing the differences between the two dosage forms—Young pledged to help spread the word. "I will make every effort to use the term 'softgel' when referring to the soft gelatin dosage form," he said, "and I will encourage others at F.D.A. to do the same."

* * *

Switches impacting pharmacy

Although the F.D.A.'s campaign to shift prescription drugs to over-the-counter status slowed measurably during the past year, most pharmacists continue to regard the Rx-to OTC switch as a major influence o their practice. According to a nev study released by Schering Laboratories, 57% of the pharmacists surveye said the transfer of Rx drugs to nonprescription status is having a "decided" impact on pharmacy. Of tha group, 29% said the switch is creatin "greater freedom to counsel patient more frequently on OTC medication and to use their professional knowledge in making recommendations. Others noted that the shift is also affecting patients, who "now ask mor questions in order to become mor knowledgeable about OTC medication."

* * *

New Senate bill designed to curb drug diversion

At presstime, Sen. Spark Matsunaga (D-Hawaii) was putting the finishing touches on a new Senate bill designed to curb prescription dru diversion. The new measure, whic was expected to be introduced by th last week in September, will be identical to legislation sponsored in th House by Rep. John Dingell (D-Mich. to restrict manufacturer sampling, ba reimports of U.S.-made drugs, prohibit resales of hospital drugs and se minimum Federal standards fo wholesalers.

Aides to Matsunaga told *Drug Stor News* that Senate critics of drug diversion do not expect any action on the bi this year. Why then the rush to introduce such legislation in the closin days of the 99th Congress? "We wan to make the point that the Senate i concerned about this problem and tha the issue will receive attention nex year," a spokesman for the Hawaiia Democrat said.

Study finds mail-order costs exceed traditional distribution

SCOTTSDALE, Ariz. — Costs of operating a mail-order prescription program are higher than traditional distribution channels, according to a new study released by Pharmaceutical Card System Inc. (PCS), a third-party program administrator.

The study challenges claims by many in the industry that mail-order saves substantial dollars on long-term maintenance medications.

PCS commissioned the independent actuarial firm of Sieben & Associates to conduct the study. Sieben's study of PCS clients with the mail-order option included claims activity from April 1, 1984, through March 31, 1985.

Although the survey does indicate that a 4% savings in plan costs can be achieved when prescriptions are purchased through the mail compared to community pharmacies, the study also pointed to a 9% higher utilization by mail-order recipients. According to the study, "The net result was that plan costs for the mail-order group was 5% higher than the nonmail-order group."

It was concluded that increased utilization by the mail-order group led to greater "wastage"; that is, a certain per cent of the prescriptions dispensed were not used by the patient.

The study challenged the popular theory that mail-order is most cost effective for groups that cater to senior citizens because these older participants in the program use more long-term maintenance medication.

While seniors may take more medication, the study found that there was a direct correlation between the amount of maintenance medication dispensed to this group and amount of waste due to prescription switching. So, while the group used more maintenance drugs, it was also ordering more frequently, therefore making this age group the least cost effective of any group studied.

It was revealed that in general, the more mail-order was used, the higher the additional cost of the plan because of the increase in number of prescriptions dispensed.

Moreover, the study uncovered that, in those mail-order plans with both 90- and 180-day dispensing limitations, the plans with 180-day maximums had more excess utilization that the 90-day plans. For the purposes of the study, it was assumed that all the plans studied were 90-day plans, and the cost to provider was still 2.7% higher than nonmail-order programs.

The study concluded that drastic reductions in mail-order ingredient cost would not compensate for the increased volumes dispensed, and the only cost savings generated by mail-order plans "go to the patient due to lower deductibles offered as incentives in using a mail-order pharmacy."

"While the unit cost savings in mail-order fills are significant," said the study, "they are more than eliminated by the increased volumes dispensed. These increased volumes represent an acceleration of plan sponsor costs, since there is a prepurchase of future monthly refills; and they increase exposure to the cost of spillage, or wastage, that results from higher patient noncompliance with the therapy or physician modification of the treatment."

After receiving the results, PCS said it undertook two projects to check the findings.

Continued on page 54

Mail-order study

	Mail-order group	Nonmail-orde
Participants		
Sex		
Male	35%	35%
Female	65	65
Age		
Under 50	25%	25%
50-65	45	46
Over 65	30	29
Therapeutic Class		
Cardiovascular	51%	26%
Diuretic	24	17
Antiarthritic	16	17
Incidence of Medication	16%	23%
Average number of tablets discarded	140	28
Total wastage (number of tablets)	6,720	1,932
Most common quantity obtained	180 days	105 days*
Medication Wastage by Age		
Under 50	17%	26%
50-65	13	26
Over 65	20	16
Reasons for Wastage		
Physician changed	57%	82%
Side effects	20	6
No longer needed/ other	23	12

*For Chronic Conditions—Since the majority of mail order prescriptions are for maintenance therapy.

Source: Consumer Data Bureau

Lilly charges HCFA scheme will harm indys

WASHINGTON — The Health Care Financing Administration's scheme to change current Medicaid payments for drugs will "alter the environment of competition to the disadvantage of the independent pharmacist," according to Eli Lilly.

H.C.F.A.'s attempt to establish maximum reimbursement levels for more multiple-source drugs will affect independent pharmacists because they often pay a higher purchase price for drugs than do chains, Lilly said.

The Indiana-based drug maker's remarks came in response to H.C.F.A.'s announcement of the proposed changes early last month. At presstime, other major drug manufacturers and industry associations were still formulating their comments to H.C.F.A.

Lilly also criticized H.C.F.A. for providing incentives in its proposed changes for generic substitution of brand name drugs, "despite the need for more certainty" regarding the "bioequivalence" of multiple-source drugs.

Similarly, Lilly said such incentives "do not take into account that shifting among different manufacturers' drug products may change the dosage the patient receives of the active ingredient," Lilly said.

Additionally, Lilly urged H.C.F.A. to consider how the Drug Price Competition and Patent Term Restoration Act of 1984 "has changed the nature of competition in the pharmaceutical industry. At a minimum, the effects of this new environment should be addressed before a new program is put in place."

NEWS CLIPS

U. of Toronto seeks director for Koffler pharmacy institute

TORONTO — The Faculty of Pharmacy at the University of Toronto is looking for an executive director for the Koffler Institute of Pharmacy Management.

The Koffler Institute is to be constructed on the campus of the University of Toronto. Construction is expected to begin in fall 1987. It will provide pharmacy-related management and business training to undergraduates and graduates not only in the Toronto area, but across Canada.

According to selection committee chairman Donald Perrier, Faculty of Pharmacy dean, candidates will be interviewed at the full professorship level who have master's or doctoral degrees in pharmacy, business administration or related areas. Once chosen, the executive director will also act as the institute's chief operating officer and chairman.

The institute will provide management programs relevant to pharmacy practice for graduates who wish to update management skills and learn new management techniques. It will also conduct research and serve as a resource center for the profession.

Applications should be in by the end of October. Screening will begin immediately thereafter. Interested applicants should send their resume to Dean D. G. Perrier, Faculty of Pharmacy, University of Toronto, Toronto, Ontario M5S 1A1.

Mail-order study aired

Continued from page 50

First it hired another actuarial firm to review the methodology of the original study. The firm suggested that more than one year's data should be used, that demographic factors be studied and that a pre- and post-mail-order study for various groups be undertaken. PCS has begun to act on the recommendations.

Secondly, it hired a marketing research organization to conduct telephone interviews with mail-order and nonmail-order patients in an attempt to verify quantities of medication dispensed with quantities on hand.

The results confirmed the original study. The total wastage for mail-order plans was 3.5 times higher than nonmail order.

On a positive note, the study indicated that there were "potentially large mail-order savings for certain classes of prescription drugs. These classes consist of drugs where the amount of prescription-switching and resulting wastage is relatively low."

While awaiting results from the second research organization, PCS "strongly encourages plan sponsors to limit the dispensing limitation to no more than 90 days." In addition, it encourages "the exclusion of antiarthritics as a drug available under mail-order, as it is obvious that wastage is very high for this class of drug."

In a published statement, PCS suggested that "plan sponsors who do not have a mail-order plan in force now, delay implementation until studies we are having conducted are concluded."

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50 mg., 1000's

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200 mg., 1000's

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brand of tolbutamide
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Top 100 OTC Products Ranked

Unit Sales	Dollar Sales	Gross Profit Dollars
1 Fleet Enema regular	Tylenol extra-strength caps 50s	Os-Cal 500mg Tablets 60
2 Chap Stick	B&L Sensitive Eyes Saline 12 oz.	Centrum tabs 100+30
3 B&L Sensitive Eyes saline 12 oz.	Nyquil 6 oz.	Mylanta Liquid 12 oz.
4 Nyquil 6 oz.	Tylenol extra-strength tabs 60s	Tylenol extra-strength caplets 50s
5 Robitussin DM 4 oz.	Actifed tabs 24s	Os-Cal 250mg Tablets 100
6 Tylenol extra-strength caps 50s	Nyquil 10 oz.	B&L Sensitive Eyes saline 12 oz.
7 Visine eye drops ½ oz. plastic	Robitussin DM 4 oz.	Slim Fast powder choc. 16 oz.
8 Actifed tabs 12s	Slim Fast powder choc. 16 oz.	Actifed tabs 24s
9 Mylanta Liquid 12 oz.	Mylanta Liquid 12 oz.	Advil tabs 50s
10 Bayer aspirin 100s	Advil tabs 50s	Nyquil 10 oz.
11 Drixoral tabs 10s	Centrum tabs 100+30	Tylenol extra-strength tabs 60s
12 Maalox Liquid 12 oz.	Tylenol extra-strength tabs 100s	Acutrim tabs 40s
13 Actifed tabs 24s	Maalox Liquid 12 oz.	Flex-Care 12 oz.
14 Tylenol extra-strength tabs 60s	Drixoral tabs 10s	Nyquil 6 oz.
15 Mylanta II Liquid 12 oz.	Anacin 100s	Mylanta II Liquid 12 oz.
16 Tylenol extra-strength tabs 30s	Bausch & Lomb saline solution 12 oz.	Tylenol extra-strength tabs 100s
17 Alka Seltzer Plus 20s	Tylenol extra-strength caplets 50s	Alka Seltzer plus 20s
18 Tylenol extra-strength caps 24s	B&L Sensitive Eyes Saline 8 oz.	Tylenol extra-strength caplets 50s
19 B&L Sensitive Eyes Saline 8 oz.	Acutrim tabs 40s	Robitussin DM 4 oz.
20 Advil tabs 24s	Mylanta II Liquid 12 oz.	Bayer aspirin 100s
21 Sudafed tabs 30mg 24s	Tylenol extra-strength caps 24s	Alka Seltzer plus 36s
22 Pepto Bismol 4 oz.	Alka Seltzer plus 36s	Tylenol extra-strength caps 24s
23 Contac capsules 10s	Robitussin DM 8 oz.	Fleet Enema regular
24 Pepto Bismol 8 oz.	Visine eye drops ½-oz. plastic	B&L Sensitive Eyes saline 8 oz.
25 Sweet'N Low 100s	Gaviscon tabs 100	Sudafed tabs 30mg 24s
26 Bausch & Lomb saline solution 12 oz.	Advil tabs 24s	Drixoral tabs 10s
27 Robitussin DM 8 oz.	Os-Cal 500mg Tablets 60	Bausch & Lomb daily cleaner 1½ oz.
28 Robitussin 4 oz.	Maalox Plus Liquid 12 oz.	Robitussin DM 8 oz.
29 Nyquil 6 oz.	Contac capsules 10s	Pliagel cleaning solution 25ml
30 Anacin 100s	Actifed tabs 12s	Actifed tabs 12s
31 Maalox Plus Liquid 12 oz.	Alka Seltzer plus 20s	Compound W 0.31 oz.
32 Tylenol extra-strength caplets 50s	Pepto Bismol 8 oz.	Afrin nasal spray 1 oz.
33 Afrin nasal spray ½ oz.	Sudafed tabs 30mg 24s	Soflens cleaner tabs 24s
34 Tylenol tabs 24s	Fleet Enema regular	Visine eye drops ½-oz. plastic
35 Tylenol extra-strength caplets 24s	Neosporin Ointment ½ oz.	Unisol 4 saline solution 8 oz.
36 Alka Seltzer tabs 26	Correctol tabs 30s	Advil tabs 24s
37 Neosporin ointment ½ oz.	Bufferin tabs regular 100s	Correctol tabs 30s
38 Robitussin CF 4 oz.	Bausch & Lomb daily cleaner 1½ oz.	Lensept disinfecting solution 8 oz.
39 Ex-Lax chocolate 18	Afrin nasal spray 1 oz.	Robitussin CF 4 oz.
40 Tums assorted 3-pack	Dexatrim 15-hour caffeine-free 20s	Neosporin Ointment ½ oz.
41 Sudafed S.A. 10s	Robitussin CF 4 oz.	Sudafed S.A. 10s
42 Benylin cough syrup 4 oz.	Tylenol extra-strength caplets 100s	Tinactin athletic foot cream 15gm
43 Advil tabs 50s	Compound W .31 oz.	Ensure Plus 8 oz. 4-6 pack case
44 Correctol tabs 30s	Tinactin athletic foot cream 15gm	Dexatrim 15-hour caffeine-free 20s
45 Alka Seltzer Plus 36s	Tylenol tabs 100s	Equal packets 100s
46 Tylenol child chew tabs 30s	Soflens cleaner tabs 24s	Softlens cleaner tabs 36s
47 Slim Fast powder choc. 16 oz.	Unisol 4 saline solution 8 oz.	Pepto Bismol 8 oz.
48 Bausch & Lomb daily cleaner 1½ oz.	Triaminic syrup 4 oz.	Tears Naturale 15ml
49 Bufferin tabs regular 100s	Sudafed S.A. 10s	Bausch & Lomb saline solution 12 oz.
50 Rolaids Peppermint 3-pack	Equal packets 100s	Dexatrim extra-strength w/c 20s

Top 100 OTC Products Ranked

Unit Sales	*Dollar Sales*	*Gross Profit Dollars*
51 Visine A.C. eye drops ½ oz.	Excedrin tabs 100s	Pepto Bismol 4 oz.
52 Triaminic syrup 4 oz.	Tylenol extra-strength caplets 24s	Tylenol extra-strength caplets 24s
53 Benadryl 25mg 24s	Pepto Bismol 4 oz.	Soft Mate ps saline 12 oz.
54 Centrum tabs 100+30	Pliagel cleaning solution 25ml	Visine A.C. eye drops ½ oz.
55 Maalox Plus 3-roll pack	Soflens cleaner tabs 36s	Afrin nasal spray ½ oz.
56 Unisol 4 saline solution 8 oz.	Visine A.C. eye drops ½ oz.	Tylenol child chew tabs 30s
57 Os-Cal 500mg tablets 60	Tylenol child chew tabs 30s	Ecotrin tabs 5gr 100s
58 Bayer aspirin 24s	Dexatrim extra-strength w/c 20s	Tylenol tabs 24s
59 Dimetapp Elixir 4 oz.	Robitussin 4 oz.	Tums Peppermint 150
60 Anacin-3 max.-strength tabs 30s	Tears Naturale 15ml	Benzedrex Inhaler
61 Pliagel cleaning solution 25ml	Afrin nasal spray ½ oz.	Anacin-3 maximum-strength tabs 30s
62 Flex-Care 12 oz.	Tylenol tabs 24s	Gaviscon tabs 100
63 Os-Cal 250mg tablets 100	Anacin-3 maximum-strength tabs 30s	Opti-Clean hard/soft solution 20ml
64 Dexatrim 15-hr caffeine-free 20s	Tums Peppermint 150s	Ex-Lax pills 30
65 Rolaids Spear 3-pack	Maalox Liquid 26 oz.	Robitussin 4 oz.
66 Tums assorted single roll	Ex- Lax pills 30	Ex-Lax chocolate 18
67 Afrin nasal spray 1 oz.	Opti-Clean hard/soft solution 20ml	Doxidan capsules 10s
68 Kaopectate 8 oz.	Kaopectate 8 oz.	Murine plus eye drops 0.5 oz.
69 Gaviscon tabs 100	Ex-Lax chocolate 18	Opti-zyme cleaning tabs 24s
70 Rolaids single salt free	Benzedrex Inhaler	Bayer aspirin 24s
71 Doxidan capsules 10s	Benadryl 25mg 24s	Tums assorted flavors 150
72 Acutrim tabs 40s	Tums assorted flavors 150s	Murine drops 0.5-oz. plastic
73 J&J Adhesive tape ½″ x 5	Doxidan capsules 10s	Robitussin PE 4 oz.
74 Ex-Lax pills 30	Ecotrin tabs 5gr 100s	Dexatrim caffeine-free extra-strngth 20s
75 Murine Plus eye drops 0.5 oz.	Murine plus eye drops 0.5 oz.	Tinactin powder
76 Murine drops 0.5-oz. plastic	Bayer aspirin 24s	Tums Peppermint 3-pack
77 Bausch & Lomb saline solution 8 oz.	Metamucil powder 21 oz.	Kaopectate 8 oz.
78 Ben Gay greaseless 1¼ oz.	Os-Cal 250mg tablets 100	Sinex long-acting ½ oz.
79 Metamucil powder orange 14 oz.	Alka Seltzer foil 36	Freezone corn remover 0.31 oz.
80 Alka Seltzer foil 36	Murine drops 0.5-oz. plastic	Alka Seltzer foil 36s
81 Tylenol extra-strength tabs 100s	Micropore tape 1″ x 36	Vicks Vaporub jar 1.5 oz.
82 Equal packets 100s	Soft Mate ps saline 12 oz.	Soflens lens cleaner kit
83 Benzedrex Inhaler	Tylenol extra-strength tabs 200s	Rolaids Spearmint 3-pack
84 Tinactin cream 15gm	Tylenol extra-strength caps 100s	Benadryl 25mg 24s ½%
85 Dimetapp Extentabs 12s	Sweet'N Low 100s	Neo Synephrine 12% 15ml spray
86 Tums Peppermint 150s	Ensure Plus 8 oz. 4-6 pack case	Tylenol extra-strength caplets 100s
87 Lensept disinfecting solution 8 oz.	Tylenol child elixir 4 oz.	Dimetapp Elixir 4 oz.
88 Tums assorted flavors 150s	Tums Peppermint 3-pack	Dristan tabs 24s
89 Vicks Vaporub jar 1.5 oz.	Dexatrim caffeine-free extra-str 20s	Anacin 100s
90 Tylenol tabs 100s	Slim Fast powder choc. malt 16 oz.	Drixoral tabs 20s
91 Ensure Van. 8 oz. 4-6-pack case	Riopan Plus Liquid 12 oz.	Tylenol child elixir 4 oz.
92 Chlor-Trimeton tabs 4mg 24s	Opti-zyme cleaning tabs 24s	Ben Gay greaseless 1¼ oz.
93 Dexatrim extra-strength 20s	Contac capsules 20s	Dexatrim 15 hour caffeine-free 40s
94 Compound W Solution 0.31 oz.	Dristan tabs 24s	Dimetapp Extentabs 12s
95 Ecotrin tabs 5gr 100s	Slim Fast powder strawberry 16 oz.	Alka Seltzer foil 12s
96 Neosporin ointment 1 oz.	Tylenol child drops ½ oz.	Sinutab II max. strength tabs 24s
97 Opti-Clean hard/soft solution 20ml	Ben Gay greaseless 1¼ oz.	Metamucil Powder 21 oz.
98 Riopan Plus Liquid 12 oz.	Vicks Formula 44D 4 oz.	Triaminic syrup 4 oz.
99 Dexatrim extra-strength 40s	Advil tabs 100s	Chlor-Trimeton tabs 4mg 24s
100 Vicks Formula 44D 4 oz.	Tylenol extra-strength tabs 30s	Sweet'N Low 100s

Source: Drug Store News Product Movement Survey

Cough/cold takes lion's share of Top 100

Cough & Cold: Dollar sales		
Brand	Rank in category	Rank in top 100
Nyquil 6oz	1	3
Actifed tabs 24s	2	5
Nyquil 10oz	3	6
Robitussin DM 4oz	4	7
Drixoral tabs 10s	5	14
Alka Seltzer Plus 36s	6	22
Robitussin DM 8oz	7	23
Contac capsules 10s	8	29
Actifed tabs 12s	9	30
Alka Seltzer Plus 20s	10	31
Sudafed tabs 30mg 24s	11	33
Afrin nasal spray 1oz	12	39
Robitussin CF 4oz	13	41
Triaminic syrup 4oz	14	48
Sudafed S.A. 10s	15	49
Robitussin 4oz	16	59
Afrin nasal spray ½oz	17	61
Benzedrex inhaler	18	70
Benadryl 25mg 24s	19	71
Contac capsules 20s	20	93
Dristan tabs 24s	21	94
Vicks formula 44D 4oz	22	98

Cough & Cold: Unit sales		
Brand	Rank in category	Rank in top 100
Nyquil liquid 6oz	1	4
Robitussin DM 4oz	2	5
Actifed tabs 12s	3	8
Drixoral tabs 10s	4	11
Actifed tabs 24s	5	13
Alka Seltzer Plus 12s	6	17
Sudafed tabs 30mg 24s	7	21
Contac capsules 10s	8	23
Robitussin DM 8oz	9	27
Robitussin 4oz	10	28
Nyquil 10oz	11	29
Afrin nasal spray ½oz	12	33
Robitussin CF 4oz	13	38
Sudafed S.A. 10s	14	41
Benylin cough syrup 4oz	15	42
Alka Seltzer Plus 36s	16	45
Triaminic syrup 4oz	17	52
Benadryl 25mg 24s	18	53
Dimetapp elixir 4oz	19	59
Afrin nasal spray 1oz	20	67
Benzedrex inhaler	21	83
Dimetapp extentabs 12s	22	85
Chlor-Trimeton tabs 4mg 24s	23	92
Vicks Vaporub jar 1.5oz	24	89
Vicks Formula 44D 4oz	25	100

The sale of cough and cold products continues to dominate the list of Top 100 OTC products moved through chain drug stores.

According to *Drug Store News*' 1986 Annual Study of the 100 Best-Selling OTCs, 25% were cough and cold products, based on unit sales. This represented a drop of 5% over last year's results.

But more cough and cold products made it to the Top 100 list based on retail dollars—22% compared with 16% last year.

A drop in unit movement was also seen in the analgesic category. This year's study reveals that 17% of the Top 100 OTC's were analgesics, compared with 24% last year. Analgesics were the second fastest moving products in the Top 100 list.

Analgesics, based on dollar sales, dipped only 1% compared with last year (24% vs. 23%).

But there is good news for antacids, the third fastest moving OTC category. Antacid products were up in unit sales, dollar sales and gross profit dollars.

Antacids accounted for 19% of the Top 100 OTC products moved through the chains, compared with 15% last year.

In dollar sales and gross profit dollars, antacids showed an increase of 5% and 4%, respectively (14% and 12%, respectively, this year, compared with 8% for both categories last year).

Rx-to-OTC products continue to play a major role in the cough and cold category. Almost half (44%) were switched products.

Two new cough and cold products to make the Top 100 list this year were Parke Davis' Benadryl, 25mg capsules, and A. H. Robins' Dimetapp Elixir, 4 oz., both Rx-to-OTC switches.

The list also included some perennial favorites like Vicks Nyquil liquid, 6 oz. (the fastest moving cough and cold product in the Top 100); Vicks Formula 44-D Cough Formula; Schering's Afrin nasal spray and Chlor-Trimeton tabs, 4mg 24s; and Smith Kline & French's Contac capsules, 10s. (The study was done prior to tampering incidents.)

Four products were present in two sku's. These included Nyquil liquid, 6 oz. and 10 oz.; Robitussin DM, 4 oz. and 8 oz.; Actifed tabs, 12s and 24s; and Afrin Nasal spray, ½ oz. and 1 oz.

Nyquil, 6 oz., and Actifed tablets, 24s, ranked No. 1 in dollar sales and gross profit dollars, respectively.

Analgesics

Tylenol products continue to have a commanding niche in the Top 100 OTC products based on unit movement.

More than half (53%) of the analgesics in this year's list were Tylenol products, an increase of 5% over last year.

The only ibuprofen product to make the Top 100 was Whitehall's Advil tablets. Advil placed two sku's in the best selling analgesic column, 24s and 50s. The success of Advil is evident when this year's list is compared with last year's.

Last year, Advil 50s was the only sku of the product to make the Top 100 list. Within the analgesic category last year, Advil 50s was the 21st fastest moving product, compared with 11th this year. But the real story is in Advil 24s.

This year, Advil 24s was the sixth best selling analgesic among 17 analgesics represented, and the 20th best selling overall product in the Top 100.

Advil's success had a direct negative effect on aspirin-containing analgesics.

Bayer aspirin 100s, last year's analgesic leader, dropped this year to second place within the analgesic category and dropped seven positions in the Top 100 standing, while Anacin tabs 100s, last year's second best seller within the category, dropped to seventh place in this year's listing (and dropped 21 positions in this year's Top 100 listing).

Antacids

The outcome of the battle in the antacid market remained unchanged, with Mylanta liquid, 12 oz., once again topping Maalox liquid, 12 oz., as the analgesics market leader.

Successful advertising campaigns for such antacid products as Gaviscon and Tums boosted the number of antacid products. Both products made the Top 100 based on all three barometers, unit sales, dollar sales and gross profit dollars.

Eye care

Perennial favorite Visine eye drops took a backseat this year to Bausch & Lomb's Sensitive Eyes Saline, 12 oz.

Bausch & Lomb grabbed four sku's with its popular saline solutions: Sensitive Eyes Saline, 12 oz. (No. 1 in category, No. 3 in Top 100), Sensitive Eyes Saline, 8 oz. (No. 3 in category, No. 19 in Top 100), Saline Solution, 12 oz. (No. 4 in category, No. 26 in Top 100), and Saline Solution 8 oz. (No. 12 in category, No. 77 in Top 100).

Analgesics: Unit sales		
Brand	Rank in category	Rank in top 100
Tylenol extra str cap 50s	1	6
Bayer aspirin 100s	2	10
Tylenol extra str tab 60s	3	14
Tylenol extra str tab 30s	4	16
Tylenol extra str cap 24s	5	18
Advil tabs 24s	6	20
Anacin 100s	7	30
Tylenol extra str caplets 50s	8	32
Tylenol tabs 24s	9	34
Tylenol extra str caplets 24s	10	35
Advil tabs 50s	11	43
Tylenol child chew tabs 30s	12	46
Bufferin tabs reg 100s	13	49
Bayer aspirin 24s	14	58
Anacin-3 max str tab 30s	15	60
Tylenol extra str tabs 100s	16	81
Ecotrin tabs 5gr 100s	17	95

Analgesics: Dollar sales		
Brand	Rank in category	Rank in top 100
Tylenol extra str cap 50s	1	1
Tylenol extra str tab 60s	2	4
Advil tabs 50s	3	10
Tylenol extra str tabs 100s	4	12
Anacin 100s	5	15
Tylenol extra str caplets 50s	6	17
Tylenol extra str caps 24s	7	21
Advil tabs 24s	8	26
Bufferin tabs reg 100s	9	37
Tylenol extra str caplets 100s	10	42
Tylenol tabs 100s	11	45
Excedrin tabs 100s	12	51
Tylenol extra str caplets 24s	13	52
Tylenol chew child tabs 30s	14	57
Tylenol tabs 24s	15	62
Anacin-3 max str tabs 30s	16	63
Ecotrin tabs 5gr 100s	17	74
Bayer aspirin 24s	18	76
Tylenol extra str tabs 200s	19	83
Tylenol extra str caps 100s	20	84
Tylenol child elixir 4oz	21	87
Tylenol child drops ½oz	22	96
Advil tabs 100s	23	99
Tylenol extra str tabs 30s	24	100

Antacids: Dollar sales		
Brand	Rank in category	Rank in top 100
Mylanta liquid 12oz	1	9
Maalox liquid 12oz	2	13
Mylanta II liquid 12oz	3	20
Gaviscon tabs 100s	4	25
Maalox Plus liquid 12oz	5	28
Pepto Bismol 8oz	6	32
Pepto Bismol 4oz	7	53
Tums Peppermint 150s	8	64
Maalox liquid 26oz	9	65
Kaopectate 8oz	10	68
Tums asst flavors 150s	11	72
Alka Seltzer foil 36s	12	79
Tums Peppermint 3-pk	13	88
Riopan Plus liquid 12oz	14	91

Antacids: Unit sales		
Brand	Rank in category	Rank in top 100
Mylanta liquid 12oz	1	9
Maalox liquid 12oz	2	12
Mylanta II liquid 12oz	3	15
Pepto Bismol 4oz	4	22
Pepto Bismol 8oz	5	24
Maalox Plus liquid 12oz	6	31
Alka Seltzer tabs 20s	7	36
Tum asst 3-pk	8	40
Rolaids Peppermint 3-pk	9	50
Maalox Plus 3-Roll pk	10	55
Rolaids Spearmint 3-pk	11	65
Tums asst single roll	12	66
Kaopectate 8oz	13	68
Gaviscon tabs 100s	14	69
Rolaids single salt-free	15	70
Alka Seltzer foil 36s	16	80
Tums asst Peppermint 150s	17	86
Tums asst flavors 150s	18	88
Riopan Plus liquid 12oz	19	98

Crush of new products set for ibuprofen market

What's happening to the OTC ibuprofen market brings to mind the words "mad dash" and "cavalry charge."

In the last two months, two major ibuprofen products have been launched to join the already established Advil and Nuprin. Three more brands and three generics either have arrived or are expected momentarily.

The existence of seven brands of 200mg-strength ibuprofen will mean that aspirin and acetaminophen will lose more ground in the $1.6 billion OTC analgesic market, with aspirin products the bigger loser. However, sales of prescription ibuprofen (Upjohn's Motrin, Boots' Rufen and various generics) will remain steady as that market moves into 800mg-strength tablets.

The reason for the crush of new products is the expiration of the marketing exclusivity that gave Whitehall's Advil and Bristol-Myers' Nuprin a two-year head start. The F.D.A. gave this exclusivity—which officially ended Sept. 24—to American Home Products and Upjohn under one of the provisions of the Patent/ANDA Law.

Head start

Because Upjohn and Whitehall already had OTC marketing rights, they were able to hit the market early with two new ibuprofen products aimed for the menstrual pain subset of the analgesic market, Whitehall's Trendar and Upjohn's Haltran.

With Haltran, Upjohn is correcting the tactical error it made in licensing Nuprin out to Bristol-Myers, industry sources say. Upjohn currently manufactures Nuprin, while Bristol-Myers handles all the marketing for the product.

Big player: Medipren

The biggest of the new players will probably be McNeil Consumer Products' Medipren, scheduled to launch after Sept. 24.

Thompson Medical is also joining the September/October rush with Ibuprin, a product it will be marketing for Barr, a generic manufacturer.

Chattem will be joining Whitehall and Upjohn in the menstrual pain relief market with Midol 200.

On the generic side, Danbury, Chelsea and Par will be coming out with OTC ibuprofens. Par's generic version is to be marketed by Pennex.

Just about the only company that isn't coming out with an OTC ibuprofen is Boots, the company that created the drug. Boots prefers to license and sublicense OTC ibuprofen.

Market leader

After all the competitors have arrived, the market leader is expected to remain Advil. Advil has the name recognition and momentum that the newer brands must establish, said Hemant Shah, vp-research for Nomura Securities. "For OTC pain relievers, the product name is 40% of pain relief, because people believe in it," he said.

Nuprin will probably keep its position in second place for the same reasons, he said, adding that Medipren may do well because it will be able to capitalize on Tylenol's name.

This kind of stiff competition is the reason Whitehall, Upjohn and Chattem are looking to one area of the analgesic market that is expected to grow, the menstrual pain market. Upjohn has reported that the menstrual pain market is now $175 million in yearly sales with a 10% annual growth rate. Shah believes this market is virtually untouched.

The huge market potential for menstrual pain products is why Whitehall is bringing out a second brand of ibuprofen, its own competition to Advil. The Trendar name is one that the company used on an acetaminophen/diuretic combination a few years ago. That earlier Trendar was indicated for menstrual pain relief and was marketed only for a short time.

If the F.D.A. someday approves an OTC ibuprofen/diuretic combination product, it would put the makers of Trendar, Haltran and Midol 200 in a perfect position. Simply by adding a diuretic to their formulations, they would have a product that could take care of menstrual cramps and water weight gain. But Shah doubts the F.D.A. would ever approve such a product. There is a question of the safety of ibuprofen use for people whose fluid volume is reduced by a diuretic, he pointed out.

Finding shelf space

The sudden influx of new pain relief products leaves drug stores with a major headache: Where are they going to find shelf space for this many new brands? "Space is a problem for all OTC health and beauty aids," said Donald Gross, vp-marketing for the Genovese chain.

Genovese has a policy of adding on new products that are being supported by a big ad push, he noted. But because of the space crunch, Genovese, a 79-store chain in New York, New Jersey and Connecticut, may place the new products off-shelf in displays or dumps.

However, some room in the analgesic area has been opened up by the discontinuation of capsule medications by several analgesic makers, Gross pointed out. Some of the new ibuprofens might be placed where Tylenol and Anacin capsules once were. Trendar, Haltran and Midol 200 will take their places in the feminine hygiene section.

Walgreens' plan

Walgreens will cope with the new products by enlarging the analgesic section. "We plan to allocate more space to the ibuprofen category," said Maryellen Kari, a spokeswoman for the 1,273-store chain. But the chain expects to see a shakeout eventually, and weaker ibuprofen products will fail to make the grade.

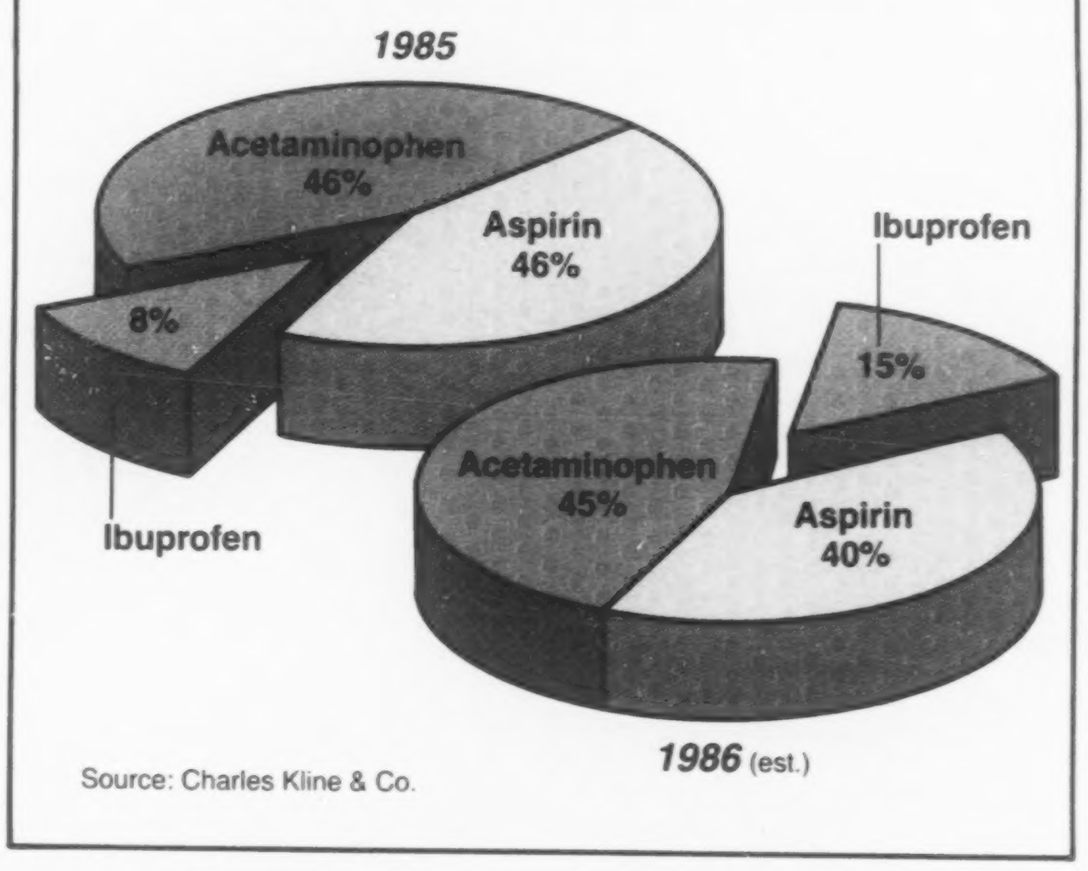
Independent drug stores may just refuse to add on that many new products. Thomas Castellano, R.Ph., of Terry's Drugs in Bloomfield, N.J., simply does not see the need for more OTC ibuprofens.

Doubts distinctions

As for the three products to be marketed for menstrual pain, Haltran, Trendar and Midol 200, Castellano does not see the public falling for distinctions created by advertising. "Consumers are aware, and they won't just insist on a name," he said. "They know that Advil and Haltran are the same product."

Where will ibuprofen sales be coming from? Rx-strength ibuprofens—400mg and higher—lost sales early on when Advil and Nuprin were first approved, but they appear to be holding steady now, said Genovese's Gross. New ibuprofen sales will cut into sales of other OTC analgesics, he said, primarily aspirin sales.

Ibuprofens crowd analgesics market



Source: Charles Kline & Co.

Quinidine Gluconate, 324 mg.
Sustained Release Tablets

For full prescribing information, see package insert.
A brief summary follows:

INDICATIONS AND USAGE: Quinidine Gluconate is indicated in the treatment of:
1. Premature atrial and ventricular contractions
2. Paroxysmal atrial tachycardia
3. Paroxysmal atrioventricular (AC) junctional rhythm
4. Atrial flutter
5. Paroxysmal atrial fibrillation
6. Established atrial fibrillation when therapy is appropriate
7. Paroxysmal ventricular tachycardia when not associated with complete heart block
8. Maintenance therapy after electrical conversion of atrial fibrillation and/or flutter

CONTRAINDICATIONS:
1. Idiosyncrasy or hypersensitivity to quinidine.
2. Complete A-V block.
3. Complete bundle branch block or other severe intraventricular conduction defects, especially those exhibiting a marked grade of QRS widening.
4. Digitalis intoxication manifested by A-V conduction disorders.
5. Myasthenia gravis.
6. Aberrant impulses and abnormal rhythms due to escape mechanisms.

WARNINGS:
1. In the treatment of atrial flutter, reversions to sinus rhythm may be preceded by a progressive reduction in the degree of A-V block to a 1:1 ratio resulting in an extremely rapid ventricular rate. This possible hazard may be reduced by digitalization prior to administration to quinidine.
2. Recent reports indicate that plasma concentrations of digoxin increase and may even double when quinidine is administered concurrently. Patients on concomitant therapy should be carefully monitored. Reduction of digoxin dosage should be considered.
3. Manifestations of quinidine cardiotoxicity such as excessive prolongation of the Q-T interval, widening of the QRS complex and ventricular tachyarrhythmias mandate immediate discontinuation of the drug and/or close clinical and electrocardiographic monitoring.
4. In susceptible individuals, such as those with marginally compensated cardiovascular disease, quinidine may produce clinically important depression of cardiac function such as hypotension, bradycardia, or heartblock. Quinidine therapy should be carefully monitored in such individuals.
5. Quinidine should be used with extreme caution in patients with incomplete A-V block since complete block and asystole may be produced. Quinidine may cause abnormalities of cardiac rhythm in digitalized patients and therefore should be used with caution in the presence of digitalis intoxication.
6. Quinidine should be used with caution in patients exhibiting renal, cardiac or hepatic insufficiency because of potential accumulation of quinidine in plasma leading to toxicity.
7. Patients taking quinidine occasionally have syncopal episodes which usually result from ventricular tachycardia or fibrillation. This syndrome has not been shown to be related to dose or plasma levels. Syncopal episodes frequently terminate spontaneously or in response to treatment, but sometimes are fatal.
8. A few cases of hepatotoxicity, including granulomatous hepatitis, due to quinidine hypersensitivity have been reported in patients taking quinidine. Unexplained fever and/or elevation of hepatic enzymes, particularly in the early stages of therapy, warrant consideration of possible hepatotoxicity. Monitoring liver function during the first 4-8 weeks should be considered. Cessation of quinidine in these cases usually results in the disappearance of toxicity.

PRECAUTIONS: General: The precautions to be observed include those applicable to quinidine. A preliminary test dose of single tablet of quinidine sulfate may be administered to determine if the patient has an idiosyncrasy to quinidine. Hypersensitivity to quinidine, although rare, should constantly be considered, especially during the first weeks of therapy.

Hospitalization for close clinical observation, electrocardiographic monitoring and possible determination of plasma quinidine levels is indicated when large doses are used, or with patients who present an increased risk.

DRUG INTERACTIONS:

Drug	Effect
Quinidine with digoxin	Increased plasma concentration of digoxin (SEE WARNINGS)
Quinidine with anticholinergic drugs	Additive vagolytic effect
Quinidine with cholinergic drugs	Antagonism of cholinergic effects
Quinidine with carbonic anhydrase inhibitors, sodium bicarbonate, thiazide diuretics	Alkalinization of urine resulting in decreased excretion of quinidine
Quinidine with coumarin anticoagulants	Reduction of clotting factor concentrations
Quinidine with tubocurare, succinylcholine and decamethonium	Potentiation of neuromuscular blockage
Quinidine with phenothiazines and reserpine	Additive cardiac depressive effects
Quinidine with hepatic enzyme-including drugs (phenobarbital, phenytoin, rifampin)	Decreased plasma half-life of quinidine

Carcinogenesis, Mutagenesis and Impairment of Fertility: Long-term studies in animals have not been performed to evaluate the carcinogenic potential of quinidine. There is currently no evidence of quinidine-induced mutagenesis or impairment of fertility.
Pregnancy: Teratogenic Effects: Pregnancy Category C. Animal reproduction studies have not been conducted with quinidine. There are no adequate and well-controlled studies in pregnant women. Quinidine gluconate tablets should be given to a pregnant woman only if clearly needed.
Nonteratogenic Effects: Like quinine, quinidine has been reported to have oxytocic properties. The significance of this property in the clinical setting has not been established.
Nursing Mothers: Caution should be exercised when quinidine gluoconate tablets are administered to a nursing woman due to passage of the drug into breast milk.
Pediatric Use: There are no adequate and well-controlled studies establishing the safety and effectiveness of quinidine gluconate tablets in children.

ADVERSE REACTIONS: Symptoms of cinchonism, ringing in ears, headache, nausea and or disturbed vision may appear in sensitive patients after a single dose of the drug.

The most frequently encountered side effects to quinidine are gastrointestinal in nature. These gastrointestinal effects include nausea, vomiting, abdominal pain and diarrhea.
Less frequently encountered adverse reactions:
Cardiovascular: Widening of QRS complex, cardiac asystole, ventricular ectopic beats, idioventricular rhythms including ventricular tachycardia and fibrillation, parodoxical tachycardia, arterial embolism and hypotension.
Hematologic: Acute hemolytic anemia, hypoprothrombinemia, thrombocytopenia (purpura), agranulocytosis.
Central Nervous System: Headache, fever, vertigo, apprehension, excitement, confusion, delirium and syncope, disturbed hearing (tinnitus, decreased auditory acuity), disturbed vision (mydriasis, blurred vision, disturbed color perception, reduced vision field, photophobia, diplopia, night blindness, scotomat), optic neuritis.
Dematologic: Rash, cutaneous flushing with intense pruritus, urticaria. Photosensitivity has also been reported.
Hypersensitivity Reactions: Angioedema, acute asthmatic episode, vascular collapse, respiratory arrest, hepatic toxicity including granulomalous hepatitis (see WARNINGS).

Although extremely rare, there also have been reports of lupus erythematosus in patients taking quinidine. A positive association with quinidine therapy has not been established.

BOLAR
Bolar Pharmaceutical Co., Inc.
Copiague, NY 11726

Women invade pharmacy in record numbers

Comprise 24% active pharmacists

By Marjorie Shaffer

The floodgates in the pharmacy profession are opening to women. Not just a passing phenomenon, a demographic blip on the statistical grid, women are joining the profession in record numbers. And they will become a dominant force in pharmacy.

Consider the statistics: In 1950, only 4% of active pharmacists were women. Today, more than 24% of active pharmacists are women. Women are projected to comprise 40% of active pharmacy professionals by the beginning of the next century, according to the 1986 report to the President and Congress on the status of health personnel prepared by the U.S. Department of Health and Human Services.

By and large, the changes taking place in pharmacy are not isolated phenomena, but mirror to a large extent what is taking place in nearly all the health professions. Once professions dominated by men, now health care careers of all types are being invaded by women.

According to H.H.S., by the year 2000, women will represent 36% of all veterinarians, 23% of optometrists, 21% of physicians and 16% of dentists. And, the report notes, while women are increasingly joining these professions, no similar influx is occurring among men into professions traditionally dominated by women.

Why the influx?

Why is pharmacy in particular and the health professions in general enjoying this sudden influx of women? Many suggest it is a byproduct of the hard-fought struggles of women during the 1960's to gain more independence both in the workplace and as individuals. But certainly economics, the engine of all change, has something to do with it. Most families today need a two-career family just to make ends meet.

"The changes taking place in pharmacy are taking place in other professions as well," observed Marianne Rollings, a staff pharmacist with Richmond, Va.-based Standard Drugs and a member of the Virginia Board of Pharmacy. "Women are not afraid to take on challenges involved in scientific endeavors. There has been a surge of independence for women; they can make a career choice now, regardless of family commitment."

Rollings also believes there has been an overreaction to the large number of women entering the profession. "Students in pharmacy school are taken in on their merits and not on a gender basis," she stressed.

Enrollment dramatic

Indeed, the enrollment of women in pharmacy schools has been a dramatic development. In the 1983-84 academic year, nearly 55% of pharmacy students were women. In some schools, that percentage is now even higher. At the University of San Francisco School of Pharmacy, Dean Jere Goyan says that about 60% of the students are women. This dramatic increase, said Goyan, "may be simply due to the fact that more qualified women are applying to school."

But Goyan suggests that some people believe men are deterred from joining pharmacy because the profession no longer belongs to the small entrepreneurs. Indeed, in 1966 more than two-thirds of all pharmacists owned or worked in independent drug stores, according to the H.H.S. In 1984, the latest year for which data is available, only 30% of pharmacists worked in independent drug stores, while 33% worked for chain drug stores. The remaining pharmacists work in hospitals, industry, government or educational facilities.

The lion's share of women joining the profession work in hospitals. Women, in fact, may represent nearly two-fifths of all hospital pharmacists.

But, while chain stores and hospitals, in particular, have been major employers of pharmacists in the last 10 years, this development by itself does not explain why fewer men may be joining the profession. And fewer men *are* joining the profession. The number of men in the field is estimated to decline from 119,600 in 1984 to 112,200 by the year 2000, according to H.H.S. On the other hand, the number of women in the field is expected to more than double, to 76,100, in the year 2000, from 37,400 in 1984.

Salary factor

But is the dearth of small business opportunity really turning men away from the profession? Or is it that salaries do not increase substantially after many years in the profession?

Whatever the reasons, a variety of pharmacy observers say that women are attracted to the profession because of its flexibility, particularly in terms of part-time work. A California study, for example, reveals that women made up 56.2% of all part-time pharmacists in the state in 1985, up from 42.4% in 1984. And the survey concludes that women worked 5.3% fewer weeks in 1985 compared with 1984.

Other surveys reveal similar findings. The H.H.S. study shows that the majority of active women pharmacists worked on the average 36 hours a week, while their male counterparts logged 45 hours a week. But the study shows that women pharmacists under the age of 30 worked longer hours. While 31% of all women pharmacists worked fewer than 35 hours a week in 1984, less than 17% under the age of 30 worked part time.

Part-time myth

Indeed, one of the myths about women pharmacists is that they are attracted to the profession because they can work part time. While some women do work part time, most handle full-time pharmacy responsibilities, said Patricia Flemma, director of pharmacy recruitment for the New York State region of Rite Aid. She said that most women work full time to receive full benefits.

And most observers say that part-time work is all right as long as the individual remains committed to the profession.

Regardless of the factors involved in the onrush of women into pharmacy, the fact remains that women will have to play a more responsible role in the profession if they want to shape its direction.

Leadership training needed

"I think women in the past were not encouraged to move up in the ranks," said Rollings. "But that may have been due to the small number of women in the profession. With more women entering the profession now, more women will move up in the upper-middle-management positions. But unless women are trained in leadership roles, they are not necessarily going to be leaders," said Rollings, who is a member of the U.S. Steering Committee for the International Leadership Symposium on Women In Pharmacy, to be held in London next year. "The young women pharmacists I meet are very capable."

Indeed, Rollings points out that the United States may lag far behind in employing women pharmacists. In Europe, for example, women have long held a majority position in the field; in Sweden, nearly 80% of pharmacists are women.

Already, changes are occurring in the United States. At Pontiac, Mich.-based Perry Drugs, a spokesman said that 25% of all store managers are now women. Similar increases are seen in other chains as well.

But the fact remains that few women belong to the higher echelons of the corporate drug chain hierarchy. And even fewer women have obtained high-profile academic jobs. There are now no women who are deans of pharmacy schools, for example. "I'd be lying to you if I said there was no discrimination in pharmacy," said one woman in academia.

2nd to get tenure

One woman, in fact, an associate professor of pharmacy in the Midwest, said that she was the second woman ever to get tenure in her school. The first woman received tenure in 1925—some 60 years ago.

Nevertheless, changes are occurring. Several women are now close to, or are good candidates for, receiving a deanship. And many women in the field say that women are starting to obtain more visibility in the profession.

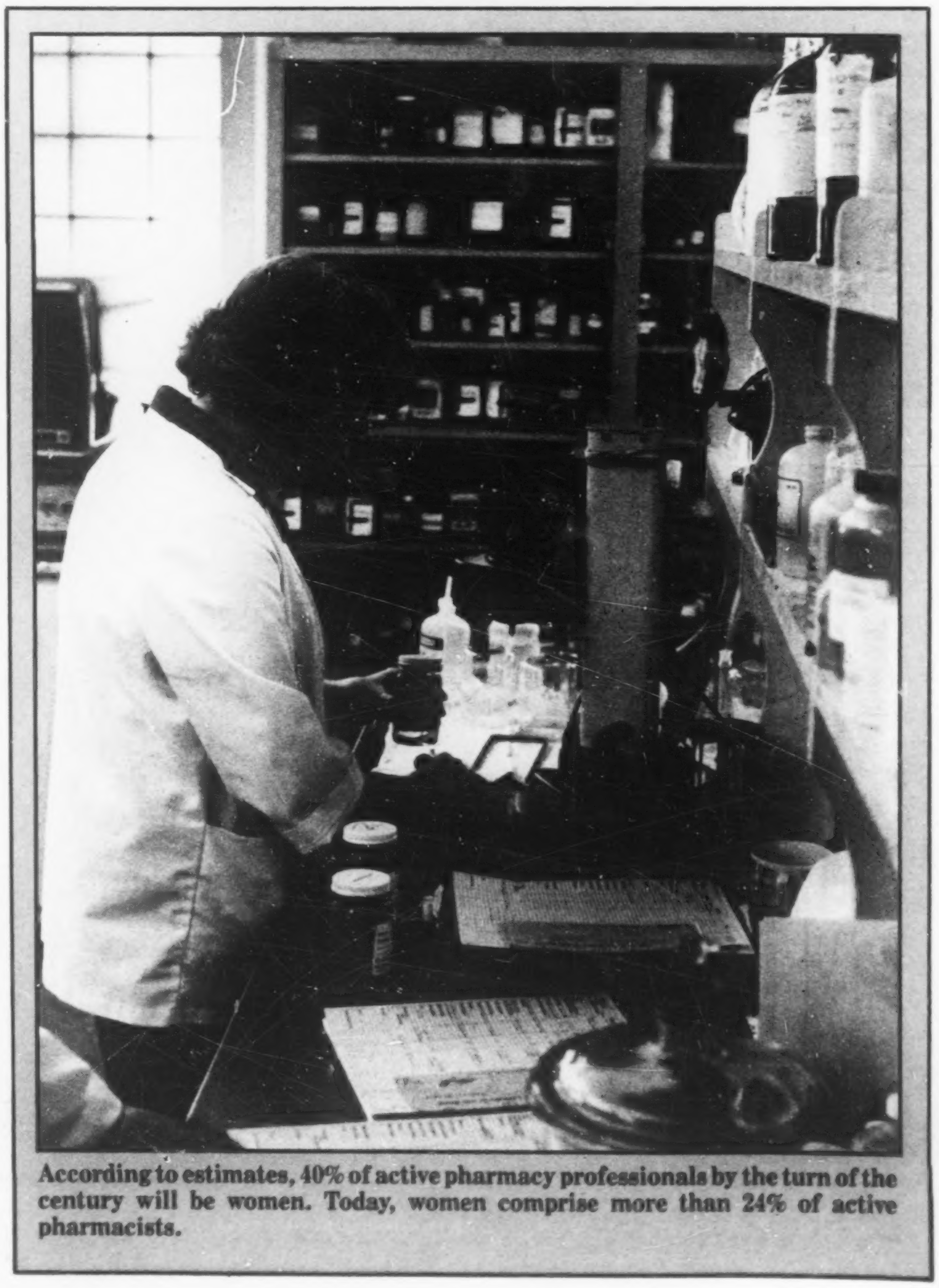
Indeed, as pharmacy marches into the year 2000, the role of women in the profession will undoubtedly begin to take shape.

Women are joining the profession in record numbers

Year	*Number of active pharmacists*	*Male Pharmacists*	*Female Pharm.*	*% Female Pharm.*
1984	157,000	119,600	37,400	23.8%
1985	159,200	119,300	39,900	25.1
1990	170,800	117,800	53,000	31.0
1995	181,200	115,600	65,600	36.2
2000	188,200	112,100	76,100	40.4

Source: Health Resources and Services Administration, Bureau of HealthProfessions, Division of Associated and Dental Health Professions

Estimated 1984 and projected for selected years, 1985-2000



According to estimates, 40% of active pharmacy professionals by the turn of the century will be women. Today, women comprise more than 24% of active pharmacists.